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Daily Report

Latin America

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FBIS-LAT-95-141 *24 July 1995*

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Banana Producers Prepare for Talks With U.S.

FL2107181395 Bridgetown CANA in English 1642 GMT 21 Jul 95

[FBIS Transcribed Text] Castries, St. Lucia, July 21, CANA — Caribbean banana producers will make another effort to persuade the United States Government to withdraw its challenge to the European Union (EU) banana regime when they meet in Washington next week.

They will be attending a meeting of the Caribbean Banana Exporters Association (CBEA) in Washington at which concerns about the impact of the U.S.-inspired investigation under Section 301 of the U.S. Trade Act on the economies of the Windward Islands will be raised.

Both the Windwards Islands Banana Development Company (WIBDECO) and the Windward Islands Banana Growers Associations will be sending delegations to the CBEA conference, which will also be attended by U.S. Government and banana interests.

Acting Chief Executive Officer of WIBDECO, Michael Augustin told CANA that they hope the talks with U.S. officials will help clear the air on some of the outstanding issues which threaten the future of the industry.

U.S. banana interests in Central America supported by the U.S. Government have been lobbying for an end to the current European Union (EU) regime which they say discriminates against them in favour of African, Caribbean and Pacific (ACP) states.

"We are hoping to convince U.S. officials that their petition 301 is likely to have a catastrophic impact on the Windward Islands banana industry, admittedly a point made to them before," Augustin said. He said, however, that recent indications suggested that there was reason to be optimistic that there could be a breakthrough in the discussions. He did not explain.

The U.S. petition under section 301 of the U.S. Trade Act to determine whether American commerce was being hurt by Europe's concessionary treatment of ACP bananas is still being pursued by the U.S. Government on behalf of its banana interests.

Caribbean bananas account for 10 per cent of the European market compared with 60 per cent from American producers.

Augustin said that Caribbean producers such as the Windward Islands, Jamaica, Belize and Suriname were preparing to put up a strong case to the U.S. officials on the significance of the industry to the overall economic and social development of the region. "We hope they will be prepared to give consideration to our request for withdrawing the petition," Augustin said.

The WIBDECO official said the meeting will also discuss a number of fruit quality problems that has cost the Windward Islands banana industry millions of dollars in losses. He said they will also consider a fall in prices for Caribbean bananas over the last three to four weeks as a result of a flood of soft fruit from France.

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Cuba

TV Reports Upcoming Western Hemisphere Defense Summit

FL2307221495 Havana Cuba Vision Network in Spanish 1630 GMT 22 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] The first inter-American defense summit, scheduled for [words indistinct] in Virginia, will help the United States secure a strong network of economic and military relations in the Western Hemisphere. Analysts note that this summit is being held in accordance with an agreement reached at the Summit of the Americas, which took place in Miami on President William Clinton's initiative. Experts believe that the first inter-American defense summit will prove a showcase for the Pentagon's strategic and hegemonic interests, despite Joseph Nye, U.S. under secretary of defense, having pointed out that the United States did not draft the summit agenda. Delegates will discuss relations among military ranks [jerarquias] in the hemisphere, defense cooperation, and military forces in the 21st Century.

Exclusion of Cuba Noted

PA2307175295 Havana PRENSA LATINA in Spanish 1618 GMT 23 Jul 95

[FBIS Translated Text] Washington, 23 Jul (PL) — Convened by the Pentagon with an agenda that conforms to the interests of the United States, a meeting of defense ministers of the American continent is scheduled to open in Williamsburg, Virginia, on Monday.

The defense ministers from 34 countries, excluding Cuba which was not invited, will assemble in this historical southern U.S. city on 24-26 July, to discuss, according to the meeting's agenda, military cooperation and the strengthening of democracy.

Pentagon chief William Perry visited Latin American capitals this year to negotiate an agenda that would conform to Washington's objectives of ensuring that military institutions support commercial relations and hemispheric integration.

The meeting was described as a follow-up to the Summit of the Americas held in Miami in December. Cuba, at the insistence of the host country, was also excluded from this meeting. The Miami summit participants agreed on the ambitious project of achieving a continental free trade area by the year 2010 [year as received].

The recent border conflict between Peru and Ecuador will be one of the issues to be discussed by the American defense ministers, who will also broach the issues of security, cooperation, and the role of the Armed Forces in the Western Hemisphere in the 21st century.

Weapon sales and the struggle against drug trafficking were left off the agenda because the participants in the Williamsburg meeting considered this to be a law enforcement matter.

According to what has been reported, the ministers, in bilateral talks, could study guerrilla activities in the border area between Colombia and Venezuela.

In terms of democracy, the participants at the Williamsburg meeting will attempt to find points of agreement on how military personnel can defend constitutional regimes from the kinds of coups d'etats that tainted many Latin American nations in recent decades.

Foreign Ministry Warns of Provocation, Announces Peru Visit

FL2107120795 Havana Radio Progreso Network in Spanish 1100 GMT 21 Jul 95

[From the "First Thing" program]

[FBIS Translated Text] Rafael Dausa, Ministry of Foreign Relations alternate spokesman, has stressed that Cuba will respond to any new attempt to violate Cuban air or maritime space. His statements were a response to reports in Miami newspapers on possible acts of provocation against Cuba.

During his usual weekly meeting with the press, Dausa stated:

[Begin Dausa recording] ...they cannot confuse patience, responsibility, and caution with weakness. [end recording]

In addition, Dausa announced that Cuban Foreign Minister Roberto Robaina will travel to Peru on 26 July to participate in president Fujimori's inauguration.

LA PRENSA Reports Miami Cubans Gave $100,000 to Helms

FL2107133695 Havana Radio Progreso Network in Spanish 1100 GMT 21 Jul 95

[From the "First Thing" program]

[FBIS Translated Text] Republican Senator Jesse Helms has received $100,000 from right wing Cubans in Miami as a contribution for his reelection campaign in 1996. This report appeared in New York' s LA PRENSA newspaper published in Spanish.

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TV Profiles 'Dangerous Time Bomb' of U.S. Militia Groups

FL2307210695 Havana Cuba Vision Network in Spanish 1630 GMT 22 Jul 95

[Announcer-read report over video by Fritz Suarez; from the "NTV" newscast]

[FBIS Translated Text] One in five U.S. citizens believes that the government conspires against him and that it has been trying to destroy the nation for some time now. The so-called militia movement or paramilitary groups, which were silent until the recent attack in Oklahoma City [words indistinct], use information like this to justify their existence. Their ideas are rooted in the racist John Birch Society. They claim that the government is planning for military occupation under the UN flag, an occupation that would even include the participation of street gangs.

Paranoia is nothing new to U.S. society: The rise of McCarthyism was a good example. These groups use events like those at Waco in 1993 to account for their beliefs. They already had a presidential candidate in Ross Perot in 1992, despite never having joined the mainstream.

The greatest fear is that fundamentalists will use violence to ease their frustrations. These organizations are present in 39 of the union's 50 states. Their philosophy is best expressed in the following passage from one of their principal books: The security of a free state cannot reside in citizens storing weapons in their drawers; it resides in a citizenry that trains itself, prepares itself, organizes itself, equips itself, and is properly led so that if the government uses its forces against the citizens they are able to respond with a superior number of weapons and adequately defend their rights.

A multimillion dollar weapons and war materiel industry is behind the militias, with leaders of these groups — as expected — receiving part of the profits. Perhaps that is why they are so convinced that the government is leading the country into Armageddon.

Friends, this is a very dangerous time bomb. What do you think?

[video shows wide shots of men in hunting outfits shooting rifles in fields; rows of guns in wall-mounted gun racks; heavily armed men in camouflage gear and helmets; a passage from the John Birch Society's "Blue Book," translated into Spanish; the front of NRA Headquarters; and firemen searching through rubble at the Oklahoma City bomb site]

Russian Chamber's Condemnation of Helms-Burton Bill Noted

FL2207165495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 22 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] Russia's Federation Council — the higher chamber in parliament — has condemned the Helms-Burton plan to intensify the U.S. blockade of Cuba and has called for an end to activities that violate international laws. With a vote of 107 deputies in favor and only one abstention, the Russian legislative body demanded that the U.S. Congress reject the bill presented by Senators Jesse Helms and Dan Burton [titles as heard] as it is reminiscent of the Cold War and contravenes the international community's will. The Russian deputies considered the bill unacceptable since it not only aims to intensify the economic sanctions on Havana but also allows for punitive action to be taken against states that maintain commercial ties with Cuba. The deputies also concluded that the bill is aimed at Russia.

U.S. Blockade Causes Significant Economic Losses in 1994

PA2207131495 Havana PRENSA LATINA in Spanish 1719 GMT 20 Jul 95

[FBIS Translated Text] Havana, 20 Jul (PL) — According to preliminary official estimates disclosed here, the Cuban economy experienced losses of $1 billion in 1994 following the intensification of the U.S. blockade on the island.

These figures, which include uncollected revenue and the expenditures incurred by this policy, represent approximately 50 percent of the country's total imports during that period.

In an extensive and detailed report to UN Secretary General Butrus Butrus—Ghali, Cuban Foreign Minister Roberto Robaina stressed the devastating effects these losses had on the population, particularly children and women.

Until 1989, the year before the collapse of the socialist bloc and the disintegration of the Soviet Union, Havana's leading trade partners, the daily per capita nutritional index for the Cuban population was comparable to that of countries at a similar or even superior level of development.

As a result of the measures to tighten the U.S. siege, however, a gradual and speedy nutritional decline has been perceived since then, and this does not include

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other hardships that have turned the everyday lives of Cubans into a true headache.

According to the report, which takes food intake for 1989 as its point of departure, a loss in the daily per capita diet equal to 40 percent of proteins, 64 of fats, 67 and 62 of vitamins A and C, respectively, 22 percent of iron, and 19 of calcium had been experienced by 1993.

The report points out that this nutritional deficiency affects particularly pregnant women and children up to five years of age, a portion of the population that is being hard hit by anemia.

The rate of low birth-weight babies — it explains — rose from 7.6 percent in 1990 to 9 percent in 1993, and that of low weight among women beginning their pregnancy went from 8.7 in 1990 to 10 percent in 1993.

It emphasizes that despite the tremendous efforts being undertaken by the government, "it has been impossible to procure the necessary resources to maintain the levels of performance of medical services, availability of medicines, and nutrition achieved by Cuba in past decades."

Commentary: U.S. Portrayal of Nuclear Plant 'Slanderous'

FL2307205695 Havana Radio Rebelde Network in Spanish 2300 GMT 21 Jul 95

["Reflections": Commentary by Fernando Dávalos; from the "Exclusive" program]

[FBIS Translated Text] The pure [sobriedad] theatrics that Cuba's enemies use to lie about the Juragua nuclear power plant [CEN] are astonishing.

They know that Cuba and various prestigious Western and Russian corporations are considering resuming work on and putting into operation Cuba's first reactor, to the Cuban people's great benefit. They try to discredit the project, the builders, the scientists from various countries, and the international organizations that check on the structure and the work that will be done there. Their portrayal of Juragua as a threat to the security of the United States, the Caribbean, the Gulf of Mexico — I think they even mentioned Mars — is slanderous. They have repeatedly objected to Cuba's CEN, basing the objections on technological matters when, in fact — as so many lies have proven — they are rooted in politics. The objections are rooted in anti-Cuban and counterrevolutionary sentiment. The campaign was designed not with security, the environment, or anything else in mind but as an attack on Cuba and this project, which is so vital to our people's development. They do not hesitate to lie despite the project's transparency to any technician or organization, even from the United States. There are thousands of testimonies and technical reports on the seriousness of Cuba's steps to conceive this project, in which quality plays a vital role in even the smallest detail.

This is not enough for these numbskulls, who believe nothing good can come out of Cuba. Although there are many plants like this one in North America, the Caribbean, and many other places, they are aiming their political campaign at the one in Juragua merely because it is in Cuba.

Syrian Deputy Foreign Minister Meets Counterpart

PA2207042495 Havana PRENSA LATINA in Spanish 0609 GMT 19 Jul 95

[FBIS Translated Text] Havana, 19 Jul (PL) — On the fourth day of his official visit to the island, Syrian Deputy Foreign Minister Rislan 'Allush will today meet with Lazaro Barredo, vice president of the Foreign Relations Committee of the Cuban National Assembly (parliament).

On 18 July 'Allush toured the vaccine production plant of the Carlos J. Finlay Institute in this capital, where PPG (a drug used to reduce cholesterol and for other medical treatments) is produced. He also visited the city's historical sector.

During a meeting with his Cuban counterpart Benigno Perez, 'Allush said relations between Damascus and Havana are among the strongest between two states and stressed his country's political willingness to expand cooperation beyond bilateral ties.

Perez said that during their talks they agreed on common positions for the meeting of the Nonaligned Movement in October as well as within the United Nations, which this year will commemorate its 50th anniversary.

Both countries also agreed on the need to increase economic cooperation within the opportunities offered by the Cuban Government to foreign investors.

During his visit, 'Allush will also meet with Cuban Foreign Minister Roberto Robaina and other Foreign Ministry officials.

His visit to Cuba will end tomorrow upon completion of a very busy agenda in this capital.

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Ambassador to EU on Interest in Strengthening Ties

PA2207145995 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Jul 95

[From the "National Radio News"]

[FBIS Translated Text] [Words indistinct] a decision by the EU Council of Ministers to increase ties with Cuba, Cuban Ambassador to the EU Carlos Alzugaray told Claudia Camarena.

[Begin recording] [Alzugaray] This is a major decision by the commission, a step in the right direction to strengthen ties with Cuba. This step will raise Cuba's relations with the EU to a level already achieved with several member countries. This measure will also take Cuba out of a kind of limbo at a time when all Latin American countries have a cooperation agreement, are negotiating a new one, or are part of regional agreements, as is the case with the Dominican Republic.

The most important aspect here is to begin exploratory talks to determine what will be the framework for Cuban-EU relations. [Words indistinct] some people believe it is possible and favorable and that a bilateral agreement similar to the recent agreement signed by the EU with Vietnam, for instance, could be signed.

[Camarena] [Words indistinct] the EU Council of Ministers stated that Cuba would have to implement certain, more thorough, reforms before the EU decides to sign a cooperation agreement with Cuba. What is your view regarding these reforms and what does the European Commission expect?

[Alzugaray] The process of economic and institutional changes being implemented in Cuba is taking place at Cuba's own initiative. We hope that countries and regions, such as the EU, will support and assist us in this reform process. This process cannot be used as a condition to promote ties. There is a very significant [words indistinct], and it is that, for the first time, the commission has proposed that the EU clearly outline a policy toward Cuba. This proposal to outline a policy implies that Cuba interests them, and it also emphasizes two or three major differences vis-a-vis the U.S. position. [end recording]

Castile-La Mancha Region President Visits

PA2207135095 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Jul 95

[From the "National Radio News"]

[FBIS Translated Text] Today, Foreign Minister Roberto Robaina welcomed Jose Bono Martinez, president of the Castile-La Mancha Autonomous Region. Here is Silvia Farina with a report:

[Farina] As Foreign Minister Roberto Robaina welcomed Jose Bono Martinez, president of Autonomia Castilla-La Mancha, he stressed the sincere and profound relations between Cuba and Spain.

[Begin Robaina recording] I would say that, in these past five years, Spain has dared to support us verbally, invest in our country, and stand by us at a time no one else did. This does not imply that we, Cubans and Spaniards, (?agree on everything). We even have different views. There are many aspects in which Spain thinks differently from Cuba and vice versa. However, our differences are not precisely what has motivated us to work jointly. We have been motivated to work together by a common path, which I believe, shares a [word indistinct], a history, a culture and a tradition, among many other things. [end recording]

[Farina] Jose Bono Martinez stated his satisfaction over learning firsthand about the achievements of the Cuban revolution.

[Begin Bono Martinez recording] In Cuba, I have directly confirmed, and without any propagandistic interest, the level and quality of training, education, and research, and I believe the opening efforts being undertaken deserve recognition and praise. I did not have any specific knowledge of this, and I am pleased to have confirmed it in this manner. [end recording]

[Farina] Jose Ramon Fernandez, vice president of the Council of Ministers, and (Edgardo Amirapench), Spain's ambassador to Cuba, participated in the talks.

Meets Fidel Castro

PA2207184495 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Jul 95

[From the "National Radio News"]

[FBIS Translated Text] Commander in Chief Fidel Castro yesterday met with Jose Bono Martinez, president of the Castilla-La Mancha Autonomous Region, who arrived on 17 July for a visit to Cuba. Here is Ilia Saldino.

[Saldino] Castilla-La Mancha President Jose Bono Martinez, at a news conference today, voiced his satisfaction over his meeting with Commander in Chief Castro on the last day of his visit to Cuba.

[Begin recording] [Bono] To hear from Commander Castro, his willingness to accept an opening, and his sincere attitude toward seeking common ground rather than dwelling on differences were satisfying and gratifying to me. Some who did not offer advice

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to Cuba, even when giving advice to Cuba, could be misinterpreted, and now seem to have a special interest in becoming permanent advisors. It stands to reason that proposals offered with vested interest should be rebuffed. I did not come to give any advice or guidance, but I did come to know the situation better and submit proposals of cooperation [words indistinct]. [end recording]

[Saldino] Bono Martinez explained that the Castilla-La Mancha region has allocated 0.07 percent of its total budget for aid in this year's budget and announced that, before his visit to Havana, three bills regarding the donation of school materials and pharmaceutical products were approved.

In Havana, the city government presented three projects dealing with urban renewal, transportation, and public water supply, which include two other projects presented by the Embassy regarding housing construction, which are well advanced.

Colombian Envoy on State of 'Excellent' Relations With Cuba

PA2207235195 Havana Radio Havana Cuba in Spanish 0000 GMT 21 Jul 95

[Report by Isis Maria Allen from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina, diplomats accredited to Havana, and other personalities on 20 July attended a reception on the occasion of the 185th anniversary of the proclamation of Colombia's independence, hosted by Ricardo Santamaria, Colombian ambassador to Cuba. He spoke with reporters about the excellent state of Cuban-Colombian relations:

[Begin Santamaria recording] I would describe them as very dynamic, as excellent. We have institutionally updated our bilateral relations during a period of seven to eight months since the respective embassies were opened in Santa Fe de Bogota and Havana.

We have signed a total of 22 documents, which consist of accords and agreements, in all areas. We signed three more during the visit of the vice president; one is on health, another on scientific technical cooperation, and another on trademarks and patents. This now permits us to have a dynamic relation in sectors such as trade, industry, tourism, and investment. The institutional structure exists, and we are now concentrating much more on specific issues. I would then say we have had important topics and subjects this year.

The first mission of Colombian businessmen to Cuba consisted of 34 company representatives who came to make investments or engage in trade. We have had a big increase in Colombian tourism to Cuba. In making a review with Tourism Minister Osmany Cienfuegos, we see that there may be approximately 22,000 Colombian tourists visiting Cuba this year; this figure is important, because there were 8,000 last year, and there were only 3,000 in 1993, an indication of an almost three fold increase in tourism thanks to the efforts of the tour operators and the aeronautics agreement, which has permitted airlines to have regular flights and to participate with chartered flights.

We had a high level of trade last year, which was a little over $50 million. We signed an agreement with the vice president for the purchase of approximately $10 million worth of Cuban vaccines to Colombia. All of this goes to show that a relation of trade, industry, the exchange of specific topics is being created within this institutional structure.

In cultural and educational regards, it is quite big. We had an event here that included 24 rectors from Colombian universities. We set up respective teaching posts on Colombian themes in Cuba and on Cuban themes in Colombia. We had the presence of Antioquia University. It has been a very fluid relation. I am surprised to see how quickly the relation has developed in the sense that projects that we had at the outset, that were defined at the beginning of the governments have been fulfilled.

We also had the good fortune and good news—we were told about it and are working on it—this year that the next Caribe del Santiago festival will be dedicated to Colombian culture. It is a big challenge for us, a challenge for the government. The director of Colcultura was in Santiago receiving an honorable mention with us today. It is also a challenge for tourist companies, tourist agencies, and airlines seeking to take advantage of this to bolster further existing relations. [end recording]

Chinese Party Official Li Shuzheng Tours Havana Sites

FL2207163495 Havana Radio Rebelde Network in Spanish 2300 GMT 21 Jul 95

[From the "Exclusive" program]

[FBIS Translated Text] Li Shuzheng, deputy director of the CPC Central Committee's International Liaison Department, has expressed support for our cause and praised Cuba's determination to continue along the socialist path. The Chinese official toured places of economic and social interest in Havana and Havana City Provinces and met high-ranking Cuban officials.

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Meets Raul Castro

PA2407042595 Havana Radio Havana Cuba in Spanish 0000 GMT 24 Jul 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Army General Raul Castro, second secretary of the Communist Party of Cuba, met in this capital with the CPC delegation, led by Li Shuzeng, alternate member of the CPC Central Committee and director of the International Liaison Department.

The PRC delegation also met with other Cuban leaders of the National Assembly of the People's Government, the Union of Young Communists, and the Federation of Cuban Women. It toured production and service centers for a first-hand knowledge of the island's realities.

Agriculture Minister on Visit to Vietnam, Netherlands

PA2107174395 Havana Radio Havana Cuba in Spanish 1300 GMT 20 Jul 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuban Agriculture Minister Alfredo Jordan Morales described as very positive his visit to Vietnam and the Netherlands, where he obtained interesting exchanges of experiences in agriculture.

On his return to Havana, the agriculture minister said Cuba will immediately begin to implement mutual plans of cooperation with the two countries visited. The plans, he said, will be very beneficial for the island's agricultural development.

Agriculture Minister Stresses Rise in Food Production

PA2307212495 Havana PRENSA LATINA in Spanish 0147 GMT 23 Jul 95

[FBIS Translated Text] Havana, 22 Jul (PL) — Cuban Agriculture Minister Alfredo Jordan stressed here today an increase in the production of foodstuffs during the first half of 1995, as well as an improvement in the condition of the equipment for the sector's technical insurance.

In a statement to PRENSA LATINA after a tour through 12 centers of the organization, Jordan pointed out the high level production of potatoes, cabbage, and other vegetables, as well as the improvement in crops that will yield better fruit in the coming months.

This is why, he emphasized, we have an interest in finishing the spring campaign in the programmed crops in an effort to guarantee a good production of foodstuffs that now require the necessary attention, according to the program of crops.

He also emphasized the work done in the first half of the year nationwide for the maintenance, recuperation, and conservation of the material technical park the ministry needs, including means of transportation, machinery for mechanical repair, and media.

The recovered equipment includes vehicles for the transport of merchandise measuring 10 metric tons or more, which were, in some cases, programmed to be dismantled and thus, several of their parts would be reused.

The work to maintain and refurbish the centers was also appreciated at the centers. These tasks were carried out with limited material resources due to the nation's prevailing economic hardships.

For the second half of the year, Jordan pointed out, the ministry will give priority to the cold season campaign — September through December, which is necessary to obtain good harvests in the first months of 1996.

Better production has also been forecast for several tubers and vegetables, compared to the first half of 1995, including potato, sweet potato, cabbage, and plantains.

Another important aspect for the second half of the year is the delivery of additives, such as fertilizers and good seeds to those production units with good harvest results, where there is also a good amount of water and land.

The ministry also plans to continue to deliver small land parcels to persons living in rural areas or those who are experts in farming activities, for planting different products and raising animals, the minister concluded.

Tourism Workers Pledge Improvement, Increased Revenues

PA2407041595 Havana Radio Havana Cuba in Spanish 0000 GMT 24 Jul 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Female Cuban tourism workers have sent a letter to President Fidel Castro pledging not only to make this sector into an important and burgeoning source of revenue for the country but also to guarantee an ethical and united development in harmony with our patriotic, ideological, and revolutionary values.

Tourism will become an instrument to reassert and irradiate our identity, it stated in the letter, which was written during the meeting-workshop on women's role in the tourism sector — where 36 percent of its 50,000 workers are women.

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In Cuban tourism, 25 percent of cadre leaders are women, and this sector has a priority role in the current economic situation as one of the leading foreign currency sources.

Haiti

U.S. 'Slowness' in Constant Case Denounced

95CA9191 Port-au-Prince Signal FM Radio in French 1030 GMT 21 Jul 95

[FBIS Translated Excerpt] Mr. (Ancito Felix), secretary general of the organization known as Anti-FRAPH [Anti-Revolutionary Front for the Promotion and Progress of Haiti] organization, yesterday denounced the slowness of the U.S. authorities in Haiti in the process of extraditing FRAPH secretary general Emmanuel Constant. Mr. (Felix), who answered questions from a Haiti Press Agency journalist as he prepared to meet with the doyen of the Civil Court of Port-au-Prince, (Roger Milord), within the framework of this affair, asked the justice minister to take all necessary steps to prevent what he calls crooked legal wheelings and dealings.

According to (Felix), an official of the U.S. Consulate in Port-au-Prince, Mr. (William Colson), in charge of the extradition department at the Embassy, told him, during a meeting two weeks before the 25 June elections, that there is no arrest warrant out for Constant, and that the extradition request made by the Haitian Government was improperly formulated. Consequently, the extradition request has been returned to the Haitian authorities — says Mr. (Felix), citing that same source.

[Begin (Felix) recording, in Creole] Actually, the dossier is moving along seriously — seriously — especially at the national level. We are talking about the Haitian Government. Up to the present, we have noted only positive elements, on their part.

I must also denounce certain U.S. officials, who, at the level of the U.S. Consulate and the U.S. Embassy, are messing around trying to do some crooked legal wheelings and dealings, so as to delay the judicial process under way in the Emmanuel Constant affair. We point the finger at Mr. (William Colson), with whom we met two weeks before the 25 June elections — a meeting at which he informed us, told me personally, that the request for extradition made by the Haitian Government during the month of March had been improperly formulated, and that — I think — they had returned that extradition request to Haiti. Well, [words indistinct] perpetuity.

And, another thing: He even tried to make me believe that there had never been an arrest warrant issued for Mr. Constant's arrest. Unfortunately for them and fortunately for us of the anti-FRAPH, (?for our lives), a few days later, I think he came to agree that an arrest warrant for Mr. Constant had, in fact, been issued. So he asked me to excuse him, said he didn't know, and so forth.

All that is proof that he is engaging in crooked legal wheeling and dealing. And we know why the Americans — here in Haiti, as well as at the level of the State Department — are engaging in crooked legal wheeling and dealing in this matter. [end recording]

The spokesman of the U.S. Embassy in Port-au-Prince has argued the opposite of this statement made by (Ancito Felix). The process of extraditing Emmanuel Constant continues, contrary to what Mr. (Felix Ancito) [name as heard] has stated — said U.S. Embassy spokesman Stanley Schrager. [passage omitted] including recorded Schrager statements in which Schrager explains that there are two procedures under way concerning Constant: a deportation procedure and an extradition procedure]

The FRAPH leader is accused of robbery, rape, and attempted murder. According to (Ancito), so far, 25 victims have been identified — a figure that will rise in the coming days. He declares that Constant participated directly in most of these actions. Apprehended on 12 May in New York, Mr. Constant is incarcerated at the federal prison on (Warwick) Street in Manhattan. According to several reports on human rights violations drawn up by the United Nations and the U.S. Government, the organization Mr. Constant heads is guilty of numerous murders and kidnappings committed particularly against followers of President Aristide both during and following the September 1991 coup d'etat.

'Eight to Ten' Parties Ready To Participate in Elections

95CA9193 Port-au-Prince Signal FM Radio in French 1600 GMT 21 Jul 95

[FBIS Translated Text] We were awaiting a statement from the Presidency regarding the 25 June elections. Well, at late morning, the Presidency spokesman revealed that eight to ten parties are ready to participate in elections — the runoffs as well as the partial, supplementary elections scheduled for 6 August. Mobile Unit No. 20, Rothschild [Francois, Metrople reporter] is at the National Palace.

[Mobile 20] Good afternoon, Ketly. Eight to ten political groups agree to participate in the 6 August partial elections and in the runoffs — the date for which has not yet been set by the Provisional Electoral Council [CEP].

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This was announced a moment ago at the National Palace by Presidency spokesman, Yvon Neptune — who categorically refused to reveal the names of these political parties. This is a change that allegedly occurred this week, following a series of meetings held at the National Palace between President Aristide, the CEP, and certain political groups. Here are the statements of Presidency spokesman Yvon Neptune:

[Begin Neptune recording, in Creole] We must point out that not all the political parties agreed to come to these meetings. In any case, most of the parties that did attend the meetings agree to go back on their earlier decisions to not continue the elections. They agree to participate in the rest of the elections on 6 August, and also in the second round of the elections, when the CEP chooses a date.

The political parties, political groups, and candidates who were at these meetings said they would like to see certain changes made in the BED's [Departmental Electoral Offices] (?and) the BEC's [Communal Electoral Offices], so as to aid them in their relations with the CEP. That means there is a possibility that certain corrections might be made to the electoral apparatus, and these possibilities should be considered, as long as they do not go against the laws (?and) regulations establishing the electoral council.

President Aristide encourages all productive and legal initiatives that might help both the political parties and the Haitian people to walk along together, each providing support for the other, as they climb the slope toward democracy. [end recording]

[Mobile 20] It must be noted that despite the journalists' insistance, refused to give the names of these political groups that are said to have participated in these meetings held at the National Palace between President Aristide and the CEP regarding elections.

This is Rothschild Francois, Jr., from the National Palace, for Radio Metropole. [end Mobile Unit 20 report]

Thank you Rothschild. For his part, CEP spokesman (Gerin Alexandre) told LE NOUVELLISTE that over 200 candidates registered under the banner of different political groups are ready to participate in the elections to be held as a supplement to the first round of elections that was held on 25 June. And according to (Gerin Alexadre), such a situation presents a real dilemma for the CEP, which is seeking an acceptable formula that will allow them to conciliate the candidates' desires and the warning from the parties to all those who might be thinking of using party names or emblems.

As regards the printing of the ballots for the 6 August supplementary elections, the U.S. company Sequoia has been given the task of preparing the ballots. The two local printing houses, Le Natal and Deschamps, were contacted. The former reportedly declined; the latter reportedly submitted an estimate twice that of the U.S. printing company — revealed the CEP spokesman. He also said that the emblems of the independent candidates will be printed on the ballots.

CEP: Independents Submit Dossiers; Talks Ongoing

95CA9189 Port-au-Prince Signal FM Radio in French 1030 GMT 21 Jul 95

[FBIS Translated Excerpt] Over 64 independent candidates have already deposited their dossiers with the Provisional Electoral Council [CEP] with a view to participating in the second round of elections, said CEP spokesman (Gerin Alexandre). Candidates had been asked to convey to the CEP all documents to be used to prepare the ballots.

According to (Alexandre), the CEP has taken a series of measures aimed at avoiding the mistakes made during the first round of the elections. The printers are going to work meticulously to avoid printing errors, said the CEP spokesman. [passage omitted]

Mr. (Gerin Alexandre) also announced that the candidates under the auspices of a number of political organizations that are saying publically that they are withdrawing from the race are holding talks with the CEP. The CEP spokesman supports engaging in dialogue to solve the differences between the CEP and the political parties. [passage omitted]

Interim Police Denies Existence of 'Parallel Army'

95CA9188 Port-au-Prince Signal FM Radio in French 1030 GMT 21 Jul 95

[FBIS Translated Text] Lieutenant (Jean Lionel Trecil), spokesman for the Interim Police, Thursday formally denied the allegations of former deputy Duly Brutus of the existence of a parallel army, called Saddam's Army, operating in Limbe, Mirebalais, and Port-au-Prince. If Mr. Brutus really had such information, as a former member of the parliament, it was his duty to quickly inform the authorities concerned — said the officer, adding that every citizen must contribute to creating a climate of peace and security in Haiti.

In this connection, (Trecil) invites former deputy Brutus to inform the police as regards this matter, so that appropriate measures can be taken.

On the other hand, the Interim Police spokesman admitted that there are individuals you have up to the

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present that are not yet been disarmed. Mr. (Trecil) said the Interim Police Force is ready to proceed to break up any and all parallel armed corps operating outside Haitian law. Nevertheless, he explained that the commune of Limbe is not under the jurisdiction of the Interim Police Force.

During a 19 July news conference, former deputy Duly Brutus pointed out that a parallel armed corps exists in several parts of the country, notably Limbe, Mirebalais, and Port-au-Prince.

Former Major's Lawyer Criticizes Charges

Port-au-Prince Signal FM Radio in French
1030 GMT 21 Jul 95

[FBIS Translated Excerpt] Former Major Patrick Bastien, accused of plotting against national security, appeared in court yesterday. The former major, who had been discharged, declared unfit for service [reforme], was arrested at the end of February and has been in the national penitentiary ever since. Yesterday, Bastien's case was heard by the presiding judge of the court of appeals, Judge Thomas, who decided to send the case to a trial by jury in a criminal court. Bastien was charged with having illegal weapons in his possession.

Nevertheless, the defendant's lawyer says he cannot understand the decision of the presiding judge of the court of appeals. Attorney (Rameau Guillaume), who is going to argue his client's plea of innocent, asks for an explanation as regards the document containing the charges brought against former major Patrick Bastien.

[Begin recording, in Creole] [(Guillaume)] They arrested him for plotting. (?The people) at the office of the examining magistrate questioned him regarding a conspiracy. Yet, when the case came to the court of appeals, they did not judge him for plotting. They judged him on a matter of the moving of weapons from one place to another [deplasman zam] — something that concerned strictly the Army, military discipline.

And let me tell you, in passing, that on that first charge of beatings, of torture [sevis korporel] against (Gelin St-Fil), the judges of the court of appeals ruled on the fact that former Major Bastien had issued the order to arrest (St-Fil) because he had broken the law, by lowering the flag. But they overturned the decision that had been handed down in that matter because, they said, he acted at the order of his superiors.

[Unidentified reporter] (Guillaume), what do you think of the decision of the examining magistrate to return Bastien to prison, today, after hearing his case?

[(Guillaume)] Well, first of all, that decision is a decision motivated by fear — because everyone has been taken over by fear. Even we lawyers are afraid. Like I am saying to you here, I too am afraid of it, because those guys [not further identified here and throughout item] might not like it that I am saying this.

The judges are afraid, and have to muster up their courage in order to hand down justice, because those guys are clamoring, and saying they will mete out justice, state of law, etc.

But those guys... [pauses] all the judges are afraid. They are afraid they might be arrested, because that has already happened. Thus, I myself think that today it is a disgrace to the justice system for the system to condemn an innocent man, who has done nothing, for something that does not exist, for a crime he did not commit, and... [pauses] even assuming that he did, in fact, move the weapons from one place to another, you cannot arrest him and say that constitutes a conspiracy against the national security, destabilization of the public authorities — because you did not catch him red-handed, in the act. You did not find any terrorist act that you claim he committed — since you call this a terrorist act. There is no place burned down, or house trashed, or public riot, or people killed. And, had there been, it would have been the public prosecutor who would have had to go to the site of the incidents and draw up a formal report noting the events, specifying what they caught Patrick Bastien doing, and arrested him for — because it is up to the public prosecutor to set public action in motion, and when you say there is a crime or violation of the law, the public prosecutor must go to the scene of the event. [end recording]

That was (Rameau Guillaume), the attorney defending former major Patrick Bastien, criticizing the charges brought against Bastien in this case. The attorney loudly claimed that his client is innocent.

CANA Reports Parties 'Bitterly' Rejecting Election Results

FL2407000195 Bridgetown CANA in English
2217 GMT 23 Jul 95

[From the "Broadcast News Summary"; no dateline as received]

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[FBIS Transcribed Text] Haiti's mainly tiny political parties have bitterly rejected the results of the June 25 parliamentary and local elections. Many of the 27 parties are discontented with their poor showing and threatening to boycott a series of run-off elections due to begin on 6 August. Lavalas, the party backed by President Jean-Bertrand Aristide, won all 16 seats in the Chamber of Deputies and the five Senate seats in the first round. At the local level, opposition parties carried only 20 of the 82 mayorships and Lavalas the other 62. Analysts say opposition parties are taking advantage of the disarray which marred the elections but it is up to President Aristide to smooth things over.

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Government Refuses To Send Top Officers to Defense Summit

PA2307154895 Havana PRENSA LATINA in Spanish 1534 GMT 22 Jul 95

[FBIS Translated Text] Mexico City, 22 Jul (PL) — Mexico is refusing to send a senior officer to a defense ministers meeting scheduled for 25 and 26 July in the United States, an official communique stated today.

Three main topics will be discussed at the meeting. One of the these topics, dealing with defense cooperation, has proved controversial because it includes the aspect of "international peacekeeping operations."

At various regional forums, Mexico and other countries have voiced opposition to plans to create a multilateral force that is military in nature and which could meddle in various problems in the region.

Mexico's National Defense Secretary Enrique Cervantes Aguirre paid a working visit to the United States a few weeks ago, where he met with the top-ranking military leaders of the neighboring country who reiterated the invitation to the meeting proposed at last year's Summit of the Americas.

Today's Mexican domestic media carried a statement by the National Defense Secretariat, noting the decision not to send any top-ranking officers. By doing so, this nation will abstain from reaching any sort of agreement.

Reports issued here state that the meeting will also serve to discuss the so-called topics of transparency and measures to promote confidence and security, as well as the role of the armed forces in 21 century democracies.

Finance Secretary Confident U.S. Amendment Harmless

PA2107173195 Mexico City XEW Television Network in Spanish 0430 GMT 21 Jul 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Finance Secretary Guillermo Ortiz returned this morning to Mexico from Chile. He spoke at the airport with Televisa on the amendment approved yesterday by the U.S. House of Representatives that blocks the remaining aid to Mexico and insisted that this will not affect us.

[Begin Ortiz recording] This is the first part of a legislative process that could take time. This still has to be discussed in the U.S. Senate and in addition... [pauses] anyway, we already have spent most of the package; there is the possibility of continuous payments up to October. The amount of Tesobonos [Treasury Bonds] we have outstanding for payment has been reduced, and in any case we had expected not to use a significant part of the package. As you know, we have sold bonds abroad, and we will be receiving funds in the next few weeks. Therefore, I do not think that this will have much of an effect. [end recording]

Regarding the possible repercussions of suspending the remaining aid, the finance secretary said:

[Begin Ortiz recording] There will be no problem for us to meet our payments, and the funds will most probably be available anyway. I would say then that we really do not have much reason to worry. [end recording]

Zedillo Emphasizes Commitment To Aid Rural Areas

PA2107194895 Mexico City NOTIMEX in Spanish 0235 GMT 19 Jul 95

[FBIS Translated Text] Mexico City, 18 Jul (NOTIMEX) — President Ernesto Zedillo said today the Mexico is experiencing difficult but promising times, during which its is necessary to resist the temptation of hatred and to live in harmony because a better future is already in sight. During the closing of the 12th Ordinary General Assembly of the National Agrarian Council (CNA), Zedillo said that in addition to clearly and firmly upholding the law, the accumulated injustices of the past will be corrected and a repetition of those injustices will be avoided. President Zedillo emphasized that, in face of the crisis, Mexicans "must all stand united and work with zeal, because we are living in challenging times, as well as in opportune times."

Zedillo said that the administration is aware of and very committed to the idea that the development of the countryside always depends on the enforcement of law and order. In this context, Zedillo acknowledged that in the countryside, as in other productive sectors, a regard for law and order and the legal certainty concerning the legitimacy of property and transactions must be guaranteed. Zedillo affirmed that faced with the just claims of the agricultural and livestock sector, the Mexican Government would keep its commitment to law and order and the protection of the legitimate rights of the farmers. Zedillo said that "we must benefit from the legal framework of the Constitution to strengthen the productive organization of the countryside, increase the potential of agriculture, and gain better incomes for agricultural industries and businesses.

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In addition, Zedillo mentioned that, without ignoring the difficult situation, the crisis is temporary, and "we will emerge from it with higher aims and the determination to make a greater effort to overcome the problems of the past." Zedillo emphasized that in the first half of 1995, compared to the same period in 1994, agricultural exports in Mexico increased almost 60 percent, and livestock exports increased slightly over 90 percent. Zedillo also acknowledged that direct aid was needed to create a new financial system for the countryside, a system which will foster the capitalization of the farmers and facilitate access to financing, in addition to improving commercialization systems.

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Costa Rica

Reportage on Government Reforms, Strikes

Businesses, Workers at Odds

PA2107030895 Paris AFP in Spanish 2131 GMT 20 Jul 95

[By Miguel Conde]

[FBIS Translated Text] San Jose, 20 Jul (AFP) — Costa Rica's social struggle became polarized today when business leaders backed the state reform promoted by social democratic President Jose Maria Figueres. Meanwhile, the strike against the reform started by the teachers continued to spread and consolidate.

Leaders of the Union of Costa Rican Private Sector Chambers and Associations (UCAEP) and the Chamber of Industries today expressed support for the reorganization of the state and rejected the strike in the public sector, describing it as "inappropriate."

On Wednesday, teachers staged a protest march for the third consecutive day through the streets of downtown San Jose, while various unions of the sector in question announced that they will join the strike in the next few days.

Spokesmen for the National Association of Public Employees (ANEP) reported that police seized the installations of the state-owned National Liquor Factory yesterday when the factory workers joined the strike. ANEP leader Jorge Campos explained that contrary to what his organization announced in the morning, no one was injured in the incident.

UCAEP President Marco Vinicio Ruiz and Miguel Schifter, leader of the industrialists, agreed in saying that the "social unrest" in Costa Rica will get worse because the implementation of harsh economic measures "is inevitable."

In remarks to AFP, both private sector leaders noted that the reorganization of the state cannot be postponed and that the government cannot reverse its decision, which is what the striking unions want.

Schifter warned that if the government yields to the pressure, "an economic crisis of unknown consequences will begin in the country."

"The economy will improve one way or another," the industrialist said. One alternative is "immediate state reform," and the other is for "the economy to fix itself, which would result in hyperinflation and devaluations with a very high cost for the population."

Ruiz and Schifter agreed with union leaders in criticizing the way the government implemented the reforms; that is, through a pact between President Figueres and former President Rafael Angel Calderon (1990-1994) to promote state reform.

According to Ruiz, the political agreement of the leaders of the country's largest political parties, the ruling National Liberation (social democratic) and opposition Social Christian Unity (rightist) parties, "was reached between two groups, two leaders, instead of being done the Costa Rican way" with everyone's participation.

The business leaders agreed on the need to promote a national dialogue to find a solution "to such a delicate economic situation," which is characterized by an acute fiscal deficit that represents 8.2 percent of GDP.

Consulted by AFP, Jose Joaquin Melendez, secretary general of Rerum Novarum Workers Federation and an active participant in the strike, objected to remarks made by the businessmen and noted that in the efforts to improve the economy, "there is no reason why workers should be the only ones sacrificed."

"There is no reason why Costa Rica should give up the relatively good standard of living enjoyed by the working class," Melendez said, denying, as Ruiz said, that the strikers lack any specific proposals on economic policy matters.

"They have simply not been consulted," he commented.

President Defends Reforms

PA2107232195 Panama City ACAN in Spanish 1606 GMT 21 Jul 95

[FBIS Translated Text] San Jose, 21 Jul (ACAN-EFE) — Costa Rican President Jose Maria Figueres said today that the strike staged by some 65,000 teachers for the past five days is a "movement which destabilizes" democratic life.

The teachers' unions, along with the most important popular organizations and associations, established a National Civil Committee and called a "national strike" for next week.

When consulted by ACAN-EFE, Figueres said "we are not facing a situation that threatens democracy" but insisted that "the tone of some (unionists) leads to destabilization."

The president defended his state reform programs and maintained that the reforms to the teacher pension system are "irreversible."

The teachers rejected the reforms and on 17 July began a strike that has expanded. The repercussions are worrisome to business groups, political parties, and the

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Catholic Church, which have insisted on the need for a dialogue.

Mario Blanco of the National Association of Public Employees (Anep) said the government-sponsored reforms are "arbitrary and anti-democratic and are turning people into the streets and taking food from their mouths."

Meanwhile, the main business chambers met with President Figueres on 20 July to voice total support for his government's actions.

Finance Workers Strike

PA2107214395 San Jose Radio Reloj in Spanish 1730 GMT 21 Jul 95

[From the "Radio Reloj Newscast"]

[FBIS Translated Text] Finance Ministry workers staged a strike demanding more tax justice in the country. The Finance Ministry workers began an indefinite strike this morning demanding more tax justice in the country and a basic family basket of no less than 500 products.

Carlos Navarro, president of the Finance Ministry Workers' Union [Sindicato de Hacienda], said the movement in its first day obtained relative support from workers of the main building. Nonetheless, the movement obtained vast support from workers of the Postal and Customs Office, Supply Office, and the National Data Processing Office. Navarro said accounting workers have obtained virtually 100 percent of support for the call to strike. He added that he hopes those offices that abstained from supporting the march will do so next week.

Finance Ministry workers staged a strike demanding a basic family basket of no less than 500 products. Carlos Navarro said the protest beginning this Friday demands the government approve a basic family basket of 500 products and more tax justice in the country. He said that if the government strives to eradicate privileges it should also eliminate existing privileges in terms of taxation, so that each person pays taxes according to his income.

[Begin Navarro recording] We are especially fighting in support of tax justice, so that the wealthy persons of this country will pay as wealthy persons should and, so that the 1 percent tax exemption on assets not be eliminated. The union has been fighting with the government to prevent this.

Additionally, we want to tell them that we are supporting the peasants' struggle in demand of fairer wages and a basic family basket that is dignified for the poor people of this country. The basket should contain at least 500 products.

We also want the Revenue Office to be supplied with human, material, and technological resources and that a political will prevail to ensure that direct taxation will be an organized and efficient structure. Such a structure does not exist because the wealthy sectors do not want an organized, efficient direct tax structure to exist. We want to prevent situations like the one currently taking place. [end recording]

The Finance Ministry Workers' Union said the call to strike obtained relative support this Friday, but noted that it will gain strength the coming week.

El Salvador

Arrests Made in 'Black Shadow' Case; Investigations Continue

PA2407040295 San Salvador EL DIARIO DE HOY in Spanish 22 Jul 95 p 2

[FBIS Translated Text] It has been officially reported that 17 persons, including three policemen, were arrested and a large number of weapons confiscated in connection with the "Black Shadow," a vigilante group in San Miguel.

The National Civilian Police (PNC) reported that at least three policemen were arrested during the operation carried out on Thursday by elite investigation groups and policemen at the Milagro de la Paz ("La Corruncha") housing area, one of the most afflicted by crime.

Another police source said a police inspector is also involved.

According to the PNC, the prisoners include both perpetrators and masterminds of criminal "executions," but no names were revealed; absolute secrecy was maintained about the investigations on this organization, which has claimed responsibility for the assassination of approximately 20 criminals in the eastern zone.

The Human Rights Ombudsman's Office yesterday said PNC agents' involvement had resulted in the removal of a police station located in the community.

A PNC communique said: "Police investigations determined who were 'Black Shadow' masterminds and who were the perpetrators."

The source added: Police groups conducted 20 raids during the first operation, and the investigations continue.

The police said one 9 mm pistol, one .38 caliber revolver, one Makarov pistol, one .22 caliber revolver, military uniforms, one gorilla mask (used to perpetrate crimes), one smoke grenade, one zip gun, one M16 rifle ammunition clip, one military hat, and assorted articles were confiscated.

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According to the investigations, the prisoners are charged with the murders of Jose Hector Velasquez Canales, Jose Javier Rodriguez, Miguel Angel Romero Sanchez, Fredy Noel Guevara, and Jose Israel Chavez Urrutia, among other actions attributed to the "Black Shadow."

It was also reported the operation continued as of Friday noon to locate other people who, according to the PNC, are members of this clandestine group.

Residents of the Milagro de la Paz housing area told EL DIARIO DE HOY some of the prisoners are thieves but others are serious people.

Meanwhile, Assistant Commissioner Jaime Francisco Vigil Recinos said he had received precise instructions not to give statements to the media.

PNC Director General Rodrigo Avila's visit was expected yesterday afternoon, to provide additional information on the operation's results, but it was canceled at the last minute without further explanation.

Human Rights Ombudsman Victoria de Aviles requested "a thorough investigation" of the PNC because "it is presumed" some of the agents are members of the "Black Shadow."

During a news conference with journalists, the official said a preliminary investigation failed to establish institutional ties between the corps and the clandestine group.

"We failed to establish direct ties between the PNC and the Black Shadow, but there are grounds to conduct an internal investigation in the corps," the ombudsman emphasized when revealing the results of her investigations on the organization's crimes.

In fact, Dr. Aviles said, the corps has discovered some of its members are involved with the "Black Shadow," but now the Judicial Branch, the Attorney General's Office, and the PNC "must investigate and ascertain responsibilities."

The official recommended that the Public Security Ministry and the PNC director investigate slayings that were not attributed to the "Black Shadow" but were perpetrated like those publicly attributed to the mentioned armed group.

Guatemala

President De Leon Calls Minugua Report 'Objective'

PA2207021895 Guatemala City LA REPUBLICA in Spanish 18 Jul 95 p 3

[Report by Carlos Ajanel]

[FBIS Translated Text] After describing as "objective and measured" the second report submitted yesterday by the UN Mission for Guatemala (Minugua), President Ramiro De Leon Carpio said yesterday that "neither the government nor the Army have policies of violating human rights" but, on the contrary, they have shown signs of progress on the matter.

In his comments, based on an initial analysis of the "extensive document," De Leon Carpio, who yesterday swore in new Foreign Minister Alejandro Maldonado Aguirre, felt that there are more positive than negative things in the document, starting with the "freedom" people have to report human rights violations.

If we look at the total complaints received, 1,600, barely 4.8 percent of them were described as human rights violations, a percentage that shows the "freedom" Guatemalans have to report the abuses against them, the president said. "What is clear is that neither the government nor the army has systematic policies of human rights violations," he concluded after voicing his hope that the final investigations into the complaints will prove him right.

He pointed out Minugua's "objectivity" in submitting its second three-month report, particularly its willingness to expunge "ideologies."

Regarding the impunity to which Minugua refers, the president said it was the result of the state's remaining "weaknesses."

He warned, however, that all government institutions have precise instructions to heed the recommendations suggested by Minugua.

He regretted that the Minugua report makes no mention of the government measure to eliminate the military commissioners and to give capital punishment to those responsible for extrajudicial executions and forced disappearances, a recommendation made by Monika Pinto and Minugua.

"I am certain, however, that those achievements will be included in the next Minugua report," he remarked.

In addition, De Leon Carpio said he was satisfied with Minugua's acknowledgment that freedom of expression prevails in the country, that advances have been made in

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the peace process, and that the government has refused to create civil defense committees.

Regarding the case of Raul Martinez, the military commissioner who initially prevented the resettlement of refugees in Quiche Department, the president said it was an "isolated incident" which the government is addressing.

President Regrets Delay in Resuming Peace Talks With URNG

PA2107195195 Mexico City NOTIMEX in Spanish 2353 GMT 19 Jul 95

[FBIS Translated Text] Guatemala City, 19 Jul (NOTIMEX) — Guatemalan President Ramiro De Leon Carpio today expressed regret that the resumption of peace talks between his government and the Guatemalan National Revolutionary Unity (URNG) has been postponed again. This could also delay the end of the 34-year civil war. "Guatemalans deem it regrettable (that the talks have been delayed) for even a day, or even a week, because precious lives could be lost," the president said during a news conference at General Army Headquarters, northeast of this capital. He recalled that the peace process has met with many obstacles and interruptions since its inception in 1991. But he stressed the government's willingness to sign an agreement with the guerrillas before the year is out.

The civil war in Guatemala is the only armed conflict still continuing in Central America. Similar internal conflicts in Nicaragua and El Salvador were resolved at the beginning of this decade.

The government and URNG General Command had planned to meet in Mexico on 24 July as part of the meetings being held to reach an agreement on socioeconomic issues and the agrarian situation. But it was learned today that the date for the meeting has been postponed until further notice.

"An agreement cannot be signed overnight. Every war must have a peace process, and although there are many obstacles, they can be overcome," the president maintained. He remarked that the issle now under discussion "is the most difficult and complex of the negotiations." He also pointed out that an agreement on this issue could be used as the basis for future economic projects. De Leon parpio emphasized his hope that the general peace agreement would be signed before the 12 November general elections. This might help prevent more names from being added to the list of the 175,000 dead as a result of the Guatemalan war.

De Leon Comments on Harbury Vigil To Find Bamaca Remains

PA2107234495 Panama City ACAN in Spanish 2116 GMT 21 Jul 95

[FBIS Translated Text] Guatemala City, 21 Jul (ACAN-EFE) — Guatemalan President Ramiro De Leon Carpio said today that there is more genuine freedom and democracy in his country than in the United States.

This was De Leon's response to the vigil being kept by U.S. attorney Jennifer Harbury at a remote Army headquarters to have the death of her husband, guerrilla leader Efrain Bamaca, clarified.

According to the State Department, Bamaca's remains could be buried in the Cabanas Military Headquarters in San Marcos Department, approximately 350 km west of this capital.

Harbury is accompanied by the wives and children of nine peasants kidnapped between 1985 and 1989. Bianca Jagger, human rights advocate and former wife of Rolling Stones member Mick Jagger, also visited the site. De Leon refused to grant Jagger a hearing because of "important government matters."

De Leon remarked that Harbury is entitled to keep her vigil and go on a hunger strike if she wants because "we are certain that there is more democracy in Guatemala than in the United States."

"There (in the United States) people are not allowed to go within 300 meters of the White House, while here people can stage strikes across from the Government Palace and military headquarters because we have true freedom," the president noted.

Harbury, age 41, is looking for her husband's remains. According to various statements, Bamaca was captured alive by the military after a skirmish in 1992, kept as a POW, tortured, and executed.

New Foreign Minister on Belize, Cuba, Policy Priorities

PA2207012495 Guatemala City SIGLO VEINTIUNO in Spanish 18 Jul 95 p 3

[Article by Carlos Castanaza Rosales]

[FBIS Translated Text] In his first statements as foreign minister, Alejandro Maldonado Aguirre said we must understand that the issues surrounding Belize are vital and sensitive, and we will ask the international community — which is not very open — to be understanding in order to get our interests recognized. We will make the legitimacy of our rights known.

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Minutes earlier, President Ramiro De Leon had sworn him in at the presidency in the presence of his predecessor, Marithza Ruiz de Vielman, who did not comment on the reasons for her resignation and limited herself to thanking others and to recognizing that certain topics remain sensitive.

At his office, Maldonado spoke in general terms about issues which require immediate attention, such as Belize, and promised not to start from scratch but to build on previous achievements.

He said the National Council on Belize gave him three 100-page documents to read and added that he will later meet with council members to learn their opinions and criteria.

Maldonado avoided expressing personal opinions on the issue but noted that positive actions must be taken to reach a satisfactory solution in keeping with the Constitution, that is, through a referendum.

He added that before making any changes he will invigorate the work of embassies. Maldonado noted that instead of dismissals, which he is not planning, he will make transfers. He also noted that among other things, he will have ambassadors attend international events while he remains in the country.

Deputy Ministers Will Reportedly Resign

Although sources close to the ministry assured yesterday that Deputy Ministers Bernardo Arevalo and Carlos Ramiro Martinez would resign, Maldonado said he would talk to them and ask them if they wished to stay, because he believes it is essential to take advantage of the experience and goodwill of his aides.

He offered to maintain a flexible position toward relations with Cuba and advanced that there will be no sudden changes because Guatemala will maintain an open attitude.

Maldonado said his office's priorities were defined in the 1994-1995 government agenda and the 180-Day Plan, thus he will follow such guidelines in search of reconciliation and peace, development of markets, and peaceful coexistence.

De Leon Denies Reports

The president yesterday described as false rumors reports that the change at the Foreign Ministry stemmed from differences between Ruiz de Vielman and the first lady over problems between Ruiz and Finance Minister Ana de Molina or that it stemmed from the decision to relocate the embassy in Israel.

He noted that this was a state decision, as some others he has made even in the military, thus he was not required to give explanations other than that there are priorities and that times change.

Honduras

Reina Comments on Border Demarcation, Other Issues

PA2207004695 San Pedro Sula TIEMPO in Spanish 19 Jul 95 p 2

[Report by Daniel Serrano]

[FBIS Translated Text] Tegucigalpa — President Carlos Roberto Reina yesterday said the border demarcation process between Honduras and El Salvador is being handled with care, but not slowly, because of the hypersensitivity caused by "the great victory of our nation" at the International Court of Justice at The Hague.

Reina was interviewed at the end of the mass held at the El Soldado park at the request of the Armed Forces to commemorate the 1969 cease-fire between Honduras and El Salvador.

"The demarcation process is not slow; what happens is that after our country's great victory a hypersensitivity remained so we have to be careful, but it has not been interrupted," Reina stated.

Relations with El Salvador are excellent, the president said, after noting the border demarcation has begun with a timetable for the process, which is an international commitment the two countries must carry out by mutual agreement.

Salvadoran President Armando Calderon Sol has reiterated that the demarcation is a commitment that resulted from the ruling, Reina said.

"There are those in Honduras who doubt these facts, and I believe that is negative," Reina said.

Regarding the announced march to the capital tomorrow of a number of ethnic groups, Reina said that, if the native leaders do not listen to the administration's position, they will be victims of political decisions or manipulations which "could only harm the country."

On Monday, Reina sent a government commission to try to stop tomorrow's march by the natives, which is organized by the Committee of Popular and Indian Organizations (COPIN) to celebrate the Lempira's Day and to protest the present administration's failure to keep its promises.

According to the president, negotiations between the administration and the march's leaders will continue today in the Presidential House.

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"If the negotiations are carried out in good faith, there will be a solution. If not, the natives will have to assume all responsibilities. Negotiations must never come to a standstill because they are the civilized way for men to discuss their concerns and grievances," Reina said.

Referring to another issue, Reina said that the "correct solution" that the state gave to the conflict on the Taramiche farm will not encourage squatters, because the Armed Forces, under his general command, are obligated to avoid those kinds of actions.

Regarding the crime wave which is sweeping the country, President Reina criticized the use of crimes of passion, such as last week's murder of two young students by a policeman, to upset society.

"Do not think that strengthening the Security Forces will prevent crimes of passion, nor is it correct to use a crime of passion as a political argument to upset society," Reina added.

President on Labor Rights, Compliance With Labor Laws

PA2207015795 Tegucigalpa LA TRIBUNA in Spanish 18 Jul 95 p 64

[Report by Blanca Moreno]

[FBIS Translated Text] President Carlos Roberto Reina is concerned because Honduras has been mentioned in the annual report of the International Confederation of Free Trade Unions (ICFTU) as a country where labor rights are violated.

"We will not be caught between a rock and a hard place by a labor conflict," he said when denying that labor rights are violated in Honduras and that maquila [assembly plant] owners have threatened with pulling out.

The government's official position is to reject the idea of pulverizing the law, creating labor rules for specific areas of activity.

"We are concerned because a labor problem being handled by the labor ministry has acquired international prominence in exaggerated terms," he said.

Who Wants To Cause Damage?

In the president's opinion, labor laws are violated both by the employers and the workers, who make excessive demands and sometimes go as far as taking over the enterprises.

He asserted: Nevertheless, Honduras is not the only country in which these cases occur, and efforts are being exerted to enforce national laws in this area through the labor ministry.

Referring to this, Reina explained two commissions have been created by the labor ministry, the Association of Maquila Owners, and the labor unions, to solve problems which may arise:

1. A bipartite commission, comprised of maquila owners and labor unions, with headquarters in San Pedro Sula.

2. A tripartite commission, composed of representatives from the labor groups, management groups, and government in Tegucigalpa.

They Are Already Getting Organized

Referring to the problem caused by maquila owners' refusal to accept labor unions and the decision to order massive dismissals, he admitted that employers oppose the workers' right to organize labor unions.

Nevertheless, he said, efforts are being made to change the situation. Labor unions already exist in various enterprises that have been accepted upon demand from the labor authorities, and others are currently being organized.

Dismissals Are Avoided

The president feels optimistic about the government's plans to enforce the law regarding the right to form labor unions.

Furthermore, labor contracts and the right to declare a strike will be respected and their exercise will be carried out according to the laws of the Republic.

According to the president, "massive dismissals" have occurred on certain occasions, when labor conflicts arose between the workers and their employers.

"However, the labor ministry's intervention has stopped them and agreements have been reached between the employer and the worker," he said. Otherwise, 50,000 workers would not be currently employed in the assembly plants, he added.

Dignified Jobs

The president said maquila enterprises should not be confused with investment enterprises, and the latter should not be confused with others that exist in the country, created by foreign businessmen who enjoy legal guarantees in Honduras.

He added: It is appropriate to mention that Honduras needs jobs in dignified conditions for human beings, and this is only possible through compliance with the laws.

Nevertheless, when consulted about the Executive Branch solution to overcome the situation which places

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it between a rock and a hard place, he emphatically said: "No labor conflict will place us between a rock and a hard place."

"Honduras is a legal state in which we all have to comply with the current laws; and labor authorities are intervening for compliance with the laws regarding relations between employers and workers," he argued.

The government's information indicates there are 25 labor unions in the maquilas and a sizeable number is being processed by the General Labor Directorate.

Government Reasserts Pledge To Reduce State Structure

PA2307031295 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0130 GMT 20 Jul 95

[Report by Danilo Antunez from the "This Very Day" newscast — passages within quotation marks recorded]

[FBIS Translated Text] The Honduran Government today reasserted to international financial organizations its pledge to privatize telecommunications, to reform the civil aeronautics law, to turn over the generation of electricity to the private sector, and to reduce the state's structure. The report by Danilo Antunez explains the greatest challenge for the administration of President Carlos Roberto Reina is turning the state into an agile and efficient enterprise that meets the people's demands.

[Antunez] The transformation of the state's structure features prominently among the current government's priorities. The economic cabinet today reached an agreement with a joint mission of the World Bank and the IDB [Inter-American Development Bank] on the role of the new state:

[Economic Cabinet Coordinator Guillermo Bueso] "To turn it into a modern, more efficient, and more effective state that assumes the responsibility of fighting poverty in the long term, sponsoring an increase in production rather than intervening in production, and sponsoring [word indistinct]."

[Antunez] Traditional state bureaucracy is about to become history. Political recommendations to obtain a post will no longer be accepted. The main task now is to reduce the payroll rather than to employ more people:

[Presidency Minister Armando Aguilar Cruz] "We are determined to reduce the state's structure as soon as possible. We believe it is unnecessarily large and represents a heavy burden for the country, from the fiscal point of view. The reduction would be senseless, however, if we do not strive to achieve the other goal; that is, making the state more efficient, more effective."

[Antunez] The state's modernization program requires $220 million, which international financial organizations are willing to lend:

[IDB Representative Federico Alvarez] "We are supporting this program with $160 million, and the World Bank is supporting it with $60 million. This is the best support ever granted by international organizations to the government, and we feel satisfied, because the program strives to correct the structural causes of the government's fiscal imbalance and also strives to render the state's role more efficient by achieving a smaller, but stronger, state."

[Alvarez] COHEP [Honduran Council for Private Enterprise] supports the Reina administration's decision to modernize the state:

[COHEP President Raul Lopez Castro] "Naturally, the measures are adopted because the state must be efficient, according to its procedures and needs, not like today, when most of the nation's budget is used up by public employees."

[Antunez] The government has pledged to eliminate 6,000 jobs, something which would entail saving 70 million lempiras' worth of salaries per year.

Nicaragua

Leal Asks U.S. State Department Not To Deport Nicaraguans

PA2307233895 Managua EL NUEVO DIARIO in Spanish 22 Jul 95 pp 1, 8

[Report by Erving Sanchez Rizo]

[FBIS Translated Text] Foreign Minister Ernesto Leal has asked the U.S. State Department to suspend temporarily the deportation of some 225,000 Nicaraguans eligible for deportation. Approximately 11,000 Nicaraguans, who have already been ordered out of the country, could file appeals. The threat to deport Nicaraguans is part of the anti-immigration wave raised by influential persons such as Senator Jesse Helms and California Governor Pete Wilson.

Deputy Foreign Minister Jose Pallais said that Leal presented the request during a recent meeting at the State Department, where he was sent by President Violeta Chamorro to support the efforts of hundreds of thousands of Nicaraguans residing in the United States and who do not wish to return to their home country because they have claimed refugee status in the United States.

The U.S. Immigration and Naturalization Service estimates that nearly 34,000 Nicaraguans are being pro-

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cessed for deportation. According to Minister Leal's initiative, some 225,000 people could benefit from the temporary suspension that the State Department could give the deportation procedures.

The status of a large number of Nicaraguans is that of refugee with a labor permit, but a considerable number of them, who arrived in the United States after January 1990, could be out of reach of the temporary suspension if the U.S. Government turns down the request. Leal said the temporary suspension is not a final solution, but a step to help hundreds of Nicaraguans who emigrated to the United States.

On various occasions, the Nicaraguan Government has said it would be impossible for Nicaragua either to absorb the huge number of Nicaraguans that could be deported or offer them the type of jobs and salaries they enjoy in the United States. In addition, if these people are deported, the remittances that the emigres have been sending to their relatives in Nicaragua would diminish considerably.

Leal said that there are proposals in the Congress in favor of the Nicaraguans, presented by congressmen including Lincoln Diaz Balart and Ileana Ros-Lehtinen, Republicans from Florida, and Ben Gilman, Republican from New York. Leal thinks, however, that the struggle is hard in the Congress because of the anti-Latin American and anti-immigration position of most U.S. authorities.

According to Deputy Foreign Minister Pallais, approximately 500,000 Nicaraguans live in the United States, but few have been deported so far. He recalled that the government has pledged to find a solution to the problem.

On a different topic, Pallais reported on the coming defense ministers meeting to be held in Williamsburg, which Lieutenant Colonel Oswaldo Lacayo, Nicaraguan Army Chief of Staff, will attend. Tomorrow, Pallais and Lacayo will fly to Williamsburg, where, according to the ministers' agenda, intraregional cooperation for defense and the current role of the Armed Forces will be debated.

Pallais thinks the hemisphere's armed forces have no security models, because the period of time in which the National Safety Doctrine prevailed is over and now this model must take on a regional nature.

On another topic, Pallai reported that, in a recent meeting in Geneva, the United Nations approved the creation of a fund to assist the defusing of mines in many parts of the world, a work that will require some $80 million. Of this fund, which will be created with the contributions of UN member countries, $2.5 million were earmarked to help in the defusing of mines in Nicaragua, a work that the Nicaraguan Army has already been carrying out.

Pallais also mentioned the maritime delimitation with buoys in the Gulf of Fonseca, a work he said will cost substantially less than the $280,000 that had been estimated, because of a change of plans. The Gulf of Fonseca is shared by Nicaragua, Honduras, and El Salvador.

Regarding the ship recently seized by the Honduran Navy, Pallais said it will be returned soon and that no fine will be imposed. The fishing boat had been registered in Honduras but had been fishing in Nicaraguan waters with a Nicaraguan license.

Furthermore, he said that, during a meeting with Central American delegates, Taiwan approved a total of $70 million in loans to help small and medium-sized enterprises in the area. Of this total, Nicaragua would receive some $10 million. Taiwan also approved $5 million in nonreimbursable funds. Nine projects worth more than $6 million also were approved. Central America pledged to support Taiwan's aspirations to join the United Nations as a full-fledged member.

Article Questions Whether CIA Behind Church Bombings

PA2307172695 Managua EL NUEVO DIARIO in Spanish 21 Jul 95 p 6

[Article by Manuel Martinez M.: "Terrorism and the Electoral Period"]

[FBIS Translated Text] The various attacks against Catholic churches in recent months are something never before witnessed in the history of Nicaragua, at least the four most recent attacks. It has not been, therefore, a tactic, method, or instrument of change on the part of the leftists in our country or in Latin America. That is why the statements by Monsignor Carballo are startling and a little hasty, especially when he asserts that extreme left- or right-wing groups may be behind the attacks.

Philip Agee, a former CIA agent, has stated that this type of terrorist attack (bombings of churches, terrorism) is an old tactic of the Agency and its agents, and it is designed to create a crisis atmosphere and turn the people against forces blamed for such actions. He added that this type of attack creates a state of public opinion that mobilizes people with reactionary and uncontrollable designs. As one clear example, Agee presented the case of former Ecuadoran President Julio Arosemena Monroy, who was kicked out of government and replaced by a military dictatorship through such activities.

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Is it possible that satanic groups may be behind these terrorist attacks? Yes, it is possible, but the use of high-tech explosives, C-4, and the trademarks of super-specialized groups lead us to suspect that this is more delicate than a simple activity of satanic groups against God's church. The aforementioned evidence provides elements that allow us to predict the intentions of those who are behind these actions. Is there a real fear on behalf of the CIA that Sandinism may regain power and that Nicaragua may return to the past, forcing them to confront an undesirable situation? Or is it an action aimed at politically destroying or eliminating every expression of the Sandinist revolutionary forces, whether orthodox or renewal?

The threat of a return of the Sandinists in the government lies in the recovery of the revolutionary supremacy of the left. That is why, by frightening churchgoers, the bomb attacks against the churches are intended to create conditions that facilitate a radical shift to the right within a context of general elections and Arnoldo Aleman's and the PLC's [Liberal Constitutionalist Party] likely assumption of power.

The dissatisfaction among extreme right-wing sectors with the current government can be observed in statements denouncing the co-government, the few changes made within the Army and police, the property issue, and the permanent alliance between the FSLN [Sandinist National Liberation Front] and Antonio Lacayo, who has been the real power, not just the power behind the throne. How far will these actions go, when there is a powerful hand that pulls and controls the strings of this kind of terrorism? The Catholic Church leadership and police must heighten security and try to uncover the perpetrators of the bombings and reveal where these criminals acts against believers and houses of worship come from. The manipulation of the people's religious sentiments and beliefs for political purposes cannot be tolerated.

Panama

Foreign Minister on Taiwan Ties, U.S. Military Exercises

PA2307181895 Panama City LA PRENSA in Spanish 22 Jul 95 p 2A

[Report by Rolando Rodriguez B.]

[FBIS Translated Text] Foreign Minister Gabriel Lewis Galindo yesterday said Panama must sign lease contracts with Taiwan firms for up to 50 years in an effort to attract investments and create more jobs in the country. Lewis Galindo said Panama must compete with offers made by other countries also trying to encourage investments to boost employment.

Lewis Galindo, who recently returned from a tour of several Asian countries, said he has noticed that Malaysia, which only a few years ago was an agricultural country, has been transformed into an industrialized country because of investments from other nations. This country, he said, "has a zero unemployment rate, which is what we want for Panama. In order to make that possible, we must create adequate conditions relative to those offered by other countries competing with us."

Lewis Galindo stressed that Panama is not the only country trying to attract investments from countries such as Taiwan. Therefore, he added: "In some cases, because of the magnitude of the investments, some countries grant leases for as many as 50 years, and we must do the same. This, however, in no way will hurt labor conditions."

On the contrary, Lewis Galindo said, investments under these conditions will guarantee investments in Panama for 50 years, which in turn will create new jobs.

Lewis Galindo's remarks coincided with a visit by Taiwan Foreign Minister Chien Fu at the invitation of the Panamanian Government. Yesterday, Chien met with President Ernesto Perez Balladares and formally invited him to visit his country. Perez Balladares will travel to Taiwan on 13 September on a three-day visit. He also will make official trips to Washington and Tokyo, among other cities, at that time.

Lewis Galindo said President Perez Balladares will sign important agreements during his visit to Taiwan, including a contract to create an industrial park in the area of Ft. Davis in Colon Province, which is scheduled to revert to Panama in September.

Taiwan also will reassert its interest in helping the Panamanian Government promote social programs, particularly in the area of health in which Panamanian hospitals will be repaired, improved, and be provided with better equipment.

On another subject, Lewis Galindo said Panama has "no objections" to allowing its territory to be used for military exercises with the participation of the U.S., Colombian, Ecuadoran, and Argentine Armies scheduled to take place here from 26 July to 2 August, according to U.S. sources. Although Lewis Galindo said he has no official knowledge that these exercises will take place in Panama, there are no objections to having them in our territory. He added he has not received any official notification from the governments that will be sending troops to Panama.

According to U.S. Southern Command sources, the operation has been designed to strengthen cooperation

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among the armies of the four nations to improve the policies and procedures used in operations to detect and monitor drug trafficking activities.

"I do not have any details (concerning the exercises), and, therefore, I cannnot give you any more information. As a general policy, however, we are willing to cooperate with the United States and all good-willed nations in the struggle against drug trafficking," Lewis Galindo concluded.

President Announces Commission To Draft Public Force Bill

PA2307031395 Panama City LA PRENSA in Spanish 20 Jul 95 p 1A

[Report by Hermes Sucre Serrano]

[FBIS Translated Text] President Ernesto Perez Balladares last night announced the creation of a special commission made up of governmental and civic organizations to draft a Public Force bill that could be presented at the Legislative Assembly in March 1996.

Perez Balladares said the commission members will be appointed this year and will include Police Chief Oswaldo Fernandez, members of the Catholic Church and civic clubs, leaders of private enterprises and civic organizations, and former President Guillermo Endara, not as an Arnulfist Party member but, rather, as former president.

"I am in a hurry, but I cannot do it in a helter-skelter manner, mainly because this matter does not pertain to the government alone but, rather, all of society, which is often indifferent to the problem," he said.

The president made his announcement last night during the "Youth" program, which is broadcast via Televisora Nacional. Perez Balladares answered questions asked by undergraduate students of the Fermin Naudeau Secondary School and social communications students of the Santa Maria La Antigua University and the Latin American University of Science and Technology. He said the Cabinet Council must approve any proposal to regulate the Public Force before it is presented to the Legislative Assembly.

He denied he has plans to make changes in his cabinet and added that he will continue to implement his concerted effort policy to put to use the opposition's positive points. "I am satisfied and happy with my working team, although I plan on making them work at a faster pace," he said.

Regarding the planned amendments to the Labor Code, he said there is no pact with foreign investors to reform the Labor Code as a requirement to invest in the country. He said the labor reforms are part of the changes demanded by the new methodology imposed by a world economy free of barriers, changes to which Panama cannot remain indifferent.

The president said he and the people in general favor an expeditious administration of justice based on an autonomous judicial system that can guarantee individual rights.

He also said it is necessary to get more involved in the problems of the prison system so as to correct past errors and adapt those facilities to modern programs in order to reform prison inmates so they can return to society.

Perez Balladares said he agrees with revising the transport law and finding alternatives to improving this public service. Similarly, he favors lowering telephone rates and making the National Telecommunications Institute capable of incorporating Panama into the modern communications systems.

PTJ Director Reports Plot To Kill Government Officials

PA2307190895 Panama City EL PANAMA AMERICA in Spanish 22 Jul 95 p 1

[Report by Juan Manuel Diaz C.]

[FBIS Translated Text] Gabriel Castro, director of the Judicial Technical Police (PTJ), yesterday reported that an arms and drug trafficking band hired a group of assassins to murder Attorney General Jose Antonio Sossa, Drug Prosecutor Rosendo Miranda, and Castro himself.

Castro said the confiscation of 40 AK-47 rifles at the University of Panama and a drug bust in the San Miguelito District are related to the plot to murder the judiciary officials. According to Castro, one of the suspected members of the band noted that the arms were intended for a group of assassins hired to carry out the murders.

Castro believes the assassination plot was prompted by the effective struggle against drug trafficking and the fact that drug traffickers have been the subject of severe setbacks in the past year. Those detained are Colombians Eligio Martinez Gonzalez, Julio Jaller Gonzalez, and Hipolito Martinez Gonzalez; Guatemalan Hector Hernandez; and Panamanians Francisco Liguas Batista and Francisco Antonio Rodriguez Garcia.

Meanwhile, sources close to the investigations noted that the arms presumably come from Central American guerrilla movements.

During an operation in the San Miguelito District, authorities confiscated 20 kg of cocaine from those

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linked to the plot to murder the attorney general, PTJ director, and drug prosecutor.

Yesterday, the PTJ also revealed the names of Detectives Austreberto Rodriguez, Abdiel Escudero, and Inspector Lucinio Gonzalez as members of a so-called "Tumbadores" organization operating within the institution. According to police reports, the three PTJ officers have been dismissed and will be subject to legal proceedings on charges of corruption.

On 17 April, Castro reported that a plot to kill him had been uncovered, for which the suspect Rene Nicarao was offered $150,000.

In February, investigating authorities confiscated two loads of AK-47's, one of which exploded, killing two people and wounding some 20 others at dock No. 8 at the Cristobal Port in Colon Province. The authorities have not yet determined the parties responsible. Meanwhile, lawyers have claimed that the deaths were not premeditated and not criminal acts.

Legislators on Labor Code Amendments

PA1907155995 Panama City Circuito RPC Radio in Spanish 2300 GMT 18 Jul 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] [Announcer Lisette Condasin] A few minutes ago, SUNTRACS [Single National Union of Construction and Related Workers] workers withdrew from the Justo Arosemena Palace, the seat of the Legislative Assembly, because they were not allowed to address the Assembly. They had stated that if all of them were not allowed in, none of them was going in. As they left, they said they are getting ready now more than ever for a general strike and urged the people to make the appropriate savings, avoiding unnecessary expenses to cope with the difficult days during the workers' strike. The SUNTRACS workers withdrew peacefully. We are now going to the Legislative Assembly where Alvarado Alvarado who has more details. Go ahead, Alvaro.

[Alvarado] Thank you, Lisette. This is a live relay from the Legislative Assembly. The Board of Directors has ordered a recess now. A few minutes ago, demonstrators opposed to the Labor Code amendments arrived at the Legislative Palace. It seems Public Force agents were posted in the area around the Assembly. The person authorized to speak on the matter is Assembly President Balbina Herrera. She, along with Legislator Bolivar Pariente of the Arnulfist Party, are accompanying us.

What happened? Why were the members of the movement opposed to the Labor Code amendments not allowed to address the Assembly?

[Herrera] First, we want to tell people that this afternoon, immediately following the demonstrators arrival, we sent Mr. Omar Gonzalez to tell them that 21 leaders opposed to the amendments could come in, so we could talk and see what they were going to propose. They immediately replied to us that either all of them came in or none would. This Legislative Assembly has given them four opportunities to address us, and this was done with total respect. We believed it advisable, as in previous occasions when we have sent someone ahead, to tell them we want to speak with a group of them and to decide later if the rest has to come in. If so, the rest comes in.

They should not tell us from the start that either all of them would come in or none of them. I think this presidency and this Legislative Assembly has been very cordial and respectful with all of them. We have listened to all of them, but they had to do likewise this afternoon. They should not employ a strong-arm tactic.

[Alvarado] To what do you attribute this situation, Legislator Pariente?

[Pariente] The legislative assemblies of all countries are the forum par excellence of national political debates. That is why so many things happen here, some of them serious while others serve to make all of us reap the benefits of conducting political activities in a democracy. I do think all workers should have been allowed to address the Assembly, as it happened in the past. On that occasion the Assembly experienced a tremendous tension. Once again, we should have opened the doors to Panamanian workers, whom we know are opposed to the amendments to the Labor Code and represent a majority of workers. Although the city was drenched by a torrential rainstorm, they came here.

[Alvarado] How do you describe the amendments?

[Pariente] At present, and the opposition and the country are clearly realizing it, the only people who support them are President Ernesto Perez Balladares and Labor Minister Mitchell Doens. Businessmen as a whole are opposing the amendments, and so are workers. They are the only ones left in this countdown, since the bill is about to be debated in the Legislative Assembly, who support the amendments. Workers do not want them, and businessmen do not either.

[Alvarado] If this is true, how does the Assembly seek to approve amendments to the Labor Code, considering workers and businessmen are against it?

[Herrera] I want to answer businessman and colleague Bolivar Pariente that he knows the amendments are necessary, and that deep down he knows what we are doing. Obviously, his party's stated policy is to reject

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the Labor Code amendments. I urge him to study the document and make consultations. At the end of the day, we will realize that what we are doing is for the good of the country. If businessmen are opposed now, we want to know which businessmen and what do they oppose. To say they are opposed to the entire reform is to lie. They have been participating. They have contributed their share to the proposal. I tell my colleague Bolivar Pariente, who is a businessman, he knows the things we are doing are for the country. Perhaps you may stand to gain more than us, colleague.

[Alvarado] Mr. Pariente, how do you define yourself — as a politician or as a businessman?

[Pariente] I am a politician and a businessman. I am quite proud of this. I became a businessman at an early age, and, let me tell you, the only party that currently agrees with the Labor Code reforms is the PRD [Democratic Revolutionary Party]. Neither the businessmen nor the workers want them.

[Alvarado] Who will the reforms benefit?

[Pariente] They will benefit... [pauses] Ha! Ernesto Perez Balladares, who has triumphed with the approval of the Labor Code reforms when the country...

[Herrera, interrupting] That is not so, Bolivar. I believe an economic proposal has been submitted in the country, and all of you endorsed it. In other words, we, as a responsible government, should have done this in 1984. You tried to sponsor it, but lacked the unity to do it. Now it is our turn.

[Alvarado] Legislator, what will be done with the articles on which no consensus was reached?

[Herrera] Look, we want to receive the tripartite commission's report first, because we have preliminary information, but we do not want to state our views until the tripartite commission delivers its report. Therefore, we are analyzing, consulting, and increasing participation on those articles.

[Alvarado] You said at the assembly — weeks ago, when the bill on tax incentives was being discussed — that articles that ran against the labor movement would not be approved. Is that true?

[Herrera] Yes, it is.

[Alvarado] Do you still hold to that?

[Herrera] Of course. That is why I want to see the proposals. A consensus was reached regarding Article 1. A consensus was reached on the article regarding mobility, but businessmen wanted to attach the immediate dismissal article as a rider to the unemployment fund measure, and I believe... [pauses] This is why, I repeat, I want to see the minutes that outline what was agreed. If this is the case, we will approve Article 1 and the article on mobility as initially agreed upon by the commission.

[Alvarado] In conclusion, your comments, Legislator Pariente.

[Pariente] Mrs. Assembly President, the country must know there is no consensus on the 25 most important articles of the Labor Code reforms the PRD has presented to the country, and no agreement has been reached. An agreement has more or less been reached on the rest, the other 65 articles, but the country — namely, the working class and the businessmen — must know no agreement whatsoever has been reached on the 25 main articles — the most important and most critical articles. That is the truth.

[Herrera] Bolivar Pariente, I want you to study the document, and then we will debate. We will then show you what is what in a political forum among the legislators with arguments. You can argue your position and we can argue ours. We will see who is right in the end.

PDC Announces Opposition to Labor Code Amendments

PA2307223895 Panama City EL PANAMA AMERICA in Spanish 23 Jul 95 p 7A

[FBIS Translated Text] The Christian Democratic Party [PDC] announced in a communique its opposition with regard to the Labor Code reforms which the government has submitted, since it does not have the consensus of workers and businessmen.

In its communique, the PDC demands that the government fully abide by the Bambito Agreement and withdraw its bill in the Legislative Assembly, thus allowing workers and businessmen to advance in their efforts to reach a consensus.

The communique by the PDC National Political Committee stated the dictatorial regime promoted confrontation between workers and businessmen, creating in that way a climate none too favorable for private investment and development, and as a result unemployment rose.

It added that, in the Bambito Agreement of December 1994, the current government pledged to respect the consensus reached between workers and businessmen regarding amendments to the Labor Code. It is, however, violating that agreement by maintaining in the Assembly an amendments bill that is without consensus.

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Tripartite Commission Fails To Agree on Some Labor Reforms

PA2007150695 Panama City LA PRENSA in Spanish 18 Jul 95 p 1A

[Report by Manuel Alvarez Cedeno, and Sandra Alicia Rivera]

[FBIS Translated Text] Sources close to the Labor Tripartite Commission (CTL) announced yesterday that this organization, which was responsible for analyzing the proposed labor code reforms, had concluded its task failing to reach agreement with respect to the controversial issues of worker mobility and the workers' dismissal fund. Nonetheless, the commission was able to reach agreement on 65 of the 90 Labor Code amendments it had examined.

Ernesto Perez Balladares is endorsing a "package" that includes 90 Labor Code amendments that were sent to the National Assembly Labor Commission, while the CTL is attempted to reach agreement in order to prevent any conflicts in the labor sector.

Yesterday, however, the CTL officially presented the "package" of 65 approved amendments to Labor Minister Mitchel Doens during an event that took place at the International Labor Organization (ILO) offices.

The document will now be sent to the National Assembly, where, according to what had been agreed in principle, it will be incorporated into the original text sent by the executive branch.

Following the official announcement, labor leader Julia Suira asked the assembly to honor what had been agreed upon and not to touch the two issues related to worker mobility and the dismissal fund.

Suira contends that "If we the business sector and workers do not reach an agreement on these issues, despite having discussed them on several occasions, then the legislators may begin to debate and change them in such a way that will affect either one of the parties involved"

According to Suira "the legislators now have a major responsibility on their shoulders. I would say that the best thing for them to do would be to refrain from discussing those two issues if they are not sure of what they are doing."

The approval of the worker mobility issue depended on an agreement with respect to the dismissal fund, however, all efforts proved futile since no compromise was made on the issue.

The dismissal fund proposal is intended to protect workers so that they will be able to collect their compensation benefits whenever a company decides to close down because of bankruptcy. The union leaders were proposing that the fund should offer coverage for all types of worker contracts, a proposal that was rejected by employers.

"That is why agreement was not reached with respect to that article," Suira explained.

In the meantime, Doens stated that efforts carried out by the CTL, which is made up of representatives from the government, workers, and the private sector, will be acknowledged by the people when the positive results that will contribute to create more jobs are finally achieved.

The minister requested the construction sector union, which is opposed to the reforms, to present a better proposal related to worker mobility "based on their own experiences."

The same request was made by the labor minister to the Panamanian Construction Board (CAPAC), but this time related to the dismissal fund.

Meanwhile, the 49 groups opposed to the Labor Code reforms have organized a protest march for today, Tuesday, that will start at El Carmen Church and will continue up to the Legislative Assembly.

National Assembly President Balbina Herrera disclosed that she will be asking the CTL to continue analyzing the issues still to be agreed upon.

According to Herrera, the assembly has not yet finished its consultations. In fact, the National Assembly president will be traveling today, Tuesday, to Bocas del Toro where she will be meeting with several banana union leaders until next Sunday.

Herrera stressed that the National Assembly Labor Commission can present a unified text of the Labor Code reforms before the full assembly. The unified text would include what has been discussed by the CTL, the executive branch's proposal, and the results of the consultations she is currently carrying out with union leaders.

In the meantime, in the community of Baru, Cameron Forshyte, general manager of the Chiriqui Land Company, stated to LA PRENSA that if a national strike is called by those unions opposed to the Labor Code reforms, the only losers will be the workers.

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The workers union has agreed to call a national strike as soon as the Legislative Assembly begins its second debates on the Labor Code reforms, probably sometime prior to 15 August.

On the other hand, Jose Morris Quintero, secretary general of the Union of Chiriqui Land Company Workers (SITRACHILCO), stated that union leaders are aware that they could be thrown in jail or harassed at any given time simply for going on strike, but that they are willing to run the risk because they are defending workers' rights.

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Argentina

Judge Presiding Over AMIA Case Interviewed

PY2007042095 Buenos Aires LA PRENSA in Spanish 18 Jul 95 pp 6, 7

["Exclusive" interview with Federal Judge Juan Jose Galeano by Alejandro Agostinelli; place and date not given]

[FBIS Translated Text] [Agostinelli] The lack of tangible proof of the identity of those responsible for the attack on the Argentine-Israeli Mutual Association [AMIA] headquarters seems to have encouraged conspiratorial interpretations. Many people believe that the razing of the AMIA headquarters is destined to remain unsolved. Do you agree?

[Galeano] For the investigator, the lack of public information is a very useful thing. When the press keeps reporting on a situation, it hampers the exposure of possible suspects. Even though the public needs to be given answers, it also needs results. And these results demand mandatory confidentiality. To give you an idea of what I mean, if we are investigating certain persons and charges are made against them by the press or by witnesses, the only thing we will achieve is that they will hide. The courts analyze the information they receive from investigators. Our duty is to keep that information confidential. I think that the conspiratorial interpretations you spoke about are pure fantasy.

[Agostinelli] Does the testimony given by [Iranian national] Monoucher Moatamer fit subsequent findings?

[Galeano] When that witness made Iran responsible for the attack on the AMIA, he gave some details that proved to be most useful. That was a very important parameter. He also provided us with interesting information about certain persons. We studied that information in depth thanks to some pieces of evidence we had in Argentina and which are included in the dossier.

[Agostinelli] Do you intend to summon Moatamer so that he may amplify his previous deposition?

[Galeano] He is under the U.S. witness protection system. We have requested the Foreign Ministry and the SIDE [State Intelligence Secretariat] to define what procedures we have to follow to have access to this person. We have already taken steps to make him amplify his testimony. This could be done either by bringing him to Buenos Aires or by our going where he is at present. We are following so many different lines of action that we do not know when that will take place.

[Agostinelli] What type of explanation should be expected from the Iranian diplomats that left the country when they were implicated in the case?

[Galeano] The one they will give when they are seated here. If I tell you which ones they will already think about them as of now. I cannot divulge that.

[Agostinelli] Have all the doubts about the existence of a car-bomb been dispelled?

[Galeano] We are absolutely convinced that there was indeed a car-bomb. Experts' investigations were also corroborated by foreign authorities. Thanks to a new study by experts undertaken on 15 July, it was possible to establish that the amount of explosives experts had calculated was used for the attack corresponds exactly to the effect the explosives produced on the Traffic van. The crater created by the experts had the same dimensions as the one made by the explosion at the site of the attack.

[Agostinelli] There are those who entertain doubts about that because there are no eyewitnesses with regard to the van.

[Galeano] Before entering the Court House, you may have crossed some 200 persons who did not notice you. Still, you were here. I saw you. The fact that 200 people did not notice you coming in does not mean that you were not here. Therefore, the argument you mentioned is a fallacy. Moreover, there were witnesses who saw the Traffic van, its engine was found on the AMIA premises, and the scraps of the van are contaminated with ammonium nitrate. Anybody can go to see the Traffic van at the fire department, where it has been assembled with the scraps that were found.

[Agostinelli] Did you detect, at the beginning of the experts' investigations, any sign that there may have been contamination of the evidence from the outside?

[Galeano] Right after the attack, the overriding concern was to save people's lives. Rescue — that was the only order given by the judge. When there are persons crying for help under the rubble, nobody can pay attention to any evidence. Afterward, a careful examination of what was left was conducted. Now, if this resulted in the loss of some evidence, well, one has to make a comparative estimate of what the most important values are.

[Agostinelli] Where were the policemen who were charged with guarding the building?

[Galeano] One was inside a police car and the other one was in a coffee-bar across the street. The two of them had to be rushed to Churruca Hospital. The life of the policeman who was inside the car was saved by a miracle.

[Agostinelli] One of the witnesses who has never been mentioned again is Wilson Dos Santos. In the opinion of

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Ruben Beraja [president of the Delegation of Argentine-Israeli Associations], pressure was exerted on Dos Santos to make him retract his statement. What became of him?

[Galeano] On the day of the attack, Mr. Dos Santos went to the Argentine Embassy in Milan, where he said he knew who might have been responsible for the attack. We then located him in Sao Paulo, where the Argentine consul received a declaration. He was asked to make a deposition, which he did at the Federal Police headquarters. We subsequently received a call from the Brazilian consul in Buenos Aires, who told us that Dos Santos was a charlatan. Then Wilson Dos Santos testified before court saying that he was indeed a charlatan. This led Federal Judge Bonadio to hold an inquiry into the case of possible perjury committed by Dos Santos. Even though he retracted his testimony, the information is included in the dossier and we continue to study it.

[Agostinelli] Have you been under pressure to conduct your probe in one direction or another?

[Galeano] I am conducting the probe exercising my own judgment. At the political level, I understand that the objective is to clear up this case. It is a fact that the government is interested in solving this case. This was an attack on Argentina. The only pressure I have come under is self-imposed.

[Agostinelli] Couldn't public and political impatience have led you to make wrong decisions?

[Galeano] The public or political time limits have nothing to do with those of an investigation. There are no time limits in this strategy. I sympathize with the grief of the relatives of the victims. For me, the anniversary [of the attack] is just one more day in the probe. We have a very unpleasant job to do, which is to try to restructure a historic reality. I cannot give assurances that my investigations will produce some result. I can indeed give assurances, however, that we hope to reach higher steps or levels in our probe.

[Agostinelli] To what extent did the appearance of Captain Vergez on the scene hinder the investigation?

[Galeano] I am going to be very clear about this — one day, that gentlemen showed up saying he was a friend of the Telleldins. We asked [Carlos] Telleldin [the only detainee in the AMIA case] whether he wanted to receive Vergez, and Telleldin answered in the affirmative. That was all the court did, so much so that the meeting was put on record. There is nothing secret about that. Now, it is totally beyond me what role Mr. Vergez plays in all this affair. We did something that is not prohibited — we authorized Telleldin to talk to somebody who claims to be his friend. As for myself, I do not know who that man is.

[Agostinelli] What was done with the piece of paper containing information about the Iranian Embassy in Buenos Aires that was found in the first raid on Telleldin's house?

[Galeano] There is no doubt whatsoever that that paper was found in Telleldin's house. The question is who wrote it. Telleldin said it was his partner Hugo Perez' handwriting. Nevertheless, the expert's study did not confirm that. That is all I can say about that.

[Agostinelli] Has the testimony given by the witnesses whose identity has not been disclosed shed new light on the investigation?

[Galeano] They are providing us with very useful information. We conduct an investigation with regard to each testimony to corroborate the statements. Since the government offered a $2 million reward, we have been receiving very interesting declarations, which we are investigating with due caution.

[Agostinelli] Has the pro-Nazi Alejandro Suckdorf divulged any clues?

[Galeano] He had said that he could volunteer information that had to do with the AMIA case. Still, when he was invited to testify, he signed a document saying that he would do it if he were released.

[Agostinelli] Will you question the Lebanese citizens Judge Roberto Marquevich has extradited [from Paraguay]?

[Galeano] Except for a public statement made by the Paraguayan intelligence chief and the police superintendent — who argued that they were linked to the AMIA bombing — there is no proof implicating them in this case. We have sent rogatory letters to request that the corresponding judge in Asuncion make those police officers testify before court so that they may substantiate their claims. We have not yet received an answer.

[Agostinelli] Do you maintain your bet on the Iranian lead?

[Galeano] Any amount of leads and connections have been mentioned. We do not discard any of them. The so-called Iranian lead is only one among many.

[Agostinelli] And yet some are more important than others.

[Galeano] My arguments were expounded in the ruling I issued on 9 August in which I ordered the preventive detention of Telleldin and international arrests. It is there that the international connection is highlighted.

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Nowadays we are aware that international terrorism is a problem that concerns us all.

Industry Secretary Views Dispute With Brazil

LD1606173295 Buenos Aires TELAM in Spanish 1432 GMT 16 Jun 95

[FBIS Translated Text] Buenos Aires, 16 Jun (TELAM) — Industry Secretary Carlos Magarinos said today that the main reason behind Brazil's restrictions on the car industry is its desire to attract investments of multinational companies that were earmarked for Argentina and to convince investors to base their Mercosur [Common Market of the South] operations in Brazil.

Magarinos said: "The real dispute with Brazil is over investments," adding: "This is why the president (Carlos Menem) firmly supports a decision not to ignore what has been signed."

The official told Radio "9.90" that he trusted Argentina will reach "a reasonable agreement" with Brazil, adding that the 30 day "self-imposed" Brazilian moratorium could be extended "if more days are needed to solve the problem."

"It is not logical for one country to throw out everything that has been achieved with so much effort in Mercosur," Magarinos said, insisting that there are important possibilities that an agreement will reach be reached.

The secretary stressed: "Foreign investors consider unilateral decisions a breach in security," adding that entrepreneurs interested in investing in Argentina are "very concerned over this matter. It was a hard blow for us."

Magarinos denied that the Argentine and Brazilian car industries are similar, saying Argentina "encourages industrial specialization and has generated a very strong increase in productivity" while the Brazilian regime "only encourages investments."

Cordoba Senate Amends Economic Emergency Bill

PY2107130695 Buenos Aires TELAM in Spanish 2333 GMT 20 Jul 95

[FBIS Translated Text] Cordoba, 20 Jul (TELAM) — With a favorable vote from the Radical Civic Union [UCR], the Cordoba Senate today passed a bill that amends the Economic Emergency bill. The amending bill, which now becomes a law, authorizes the provincial executive branch to issue bonds for 800 million pesos.

The bill also establishes that provincial government officials cannot earn more than 4,300 pesos; that the wages of provincial government, court, and congress employees will be paid partly in cash and partly in bonds; and that strikers will not be paid for days not worked.

During the discussions, the Justicialist Party [PJ] bloc walked out of the session hall, alleging that the original Economic Emergency bill was approved on 22 June in a session that the PJ bloc considers null and void.

Today's bill authorizes the Cordoba Government to issue bonds called Debt Settlement Certificates [Certificados de Cancelacion de Deudas] (Cecor) worth 800 million pesos, with which all obligations may be settled.

The bill also establishes that public servants, including judges, may not collect "an amount exceeding" the salary of a governor, namely 4,300 pesos. Family allowances are not included in this restriction.

The bill also establishes that government vehicles will be placed on an availability list and reassigned to the police, the judicial branch, and the penitentiary service, and that the "rest be sold."

Concerning public servant wages, the bill establishes that central administration, legislative branch, and judicial branch employees will collect "up to 400 pesos in cash and the rest in Cecors."

Those working in autonomous institutions, state-owned enterprises, and state banks will collect "up to 1,000 pesos" in cash while judges and court employees on active duty will collect up to 25 percent of their wages in bonds.

The bill also establishes that strikes or any other direct actions, involving a voluntary reduction of services below normal levels, "will entail waiving rights to collect remuneration for unworked or reduced work periods."

The new bill authorizes the provincial executive branch "to cut the working hours of the provincial public servants by up to 40 percent and their remuneration by up to 30 percent."

The bill also establishes "the extension of the 1995 academic year and longer working hours for teachers, which may even include classes on Saturdays or an equivalent number of hours during the week."

Foreign Minister Leaves for Israel

PY2107115295 Buenos Aires TELAM in Spanish 2158 GMT 20 Jul 95

[FBIS Translated Text] Buenos Aires, 20 Jul (TELAM) — Foreign Minister Guido Di Tella today left for Israel where he will hold talks with his Israeli counterpart Shim'on Peres and sign an agreement on the promotion

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and protection of investments for entrepreneurial ventures of the two countries.

The Foreign Ministry reported that Di Tella will also review the peace process in the Middle East, the UN participation in the former Yugoslavia, and joint actions against international terrorism.

The foreign minister carries a special greetings message from President Carlos Menem for the Israeli nation and the Israeli Government.

Di Tella will remain in Tel Aviv until 26 July. During his visit, he will talk with political leaders from the ruling coalition and with representatives from the Argentine community living in Israel. It is believed that 50,000 Argentines live in Israel.

The foreign minister left this afternoon from the Ezeiza International Airport accompanied by a large entourage of entrepreneurs who will review the possibilities of production and trade joint ventures with Israeli entrepreneurs.

Cooperation Accord Signed With Egypt

PY2207033595 Buenos Aires TELAM in Spanish 2109 GMT 21 Jul 95

[FBIS Translated Text] Buenos Aires, 21 Jul (TELAM) — As an expression of the high level of understanding reached in bilateral diplomatic relations, Argentina, and the Arab Republic of Egypt have agreed to establish a system of periodic consultations about economic and political matters.

The "framework" agreement "on cooperation" establishing the holding of periodic consultations between both countries' foreign ministries was signed today by Deputy Foreign Minister Fernando Petrella and his Egyptian counterpart, Ihab Said Wahba, during a ceremony at San Martin Palace.

The document states that the agreement is based "on the principles of equality, national sovereignty, nonintervention in the internal affairs of other countries, and mutual respect."

It stipulates, moreover, that the bilateral consultations will include regional and international issues, as well as the assessment of "significant subjects on the agendas of international conferences in which both countries participate."

The framework agreement also establishes that Argentine and Egyptian representatives before the United Nations will meet in consultation about issues of common interest. This agreement will have an indefinite duration, although either of the parties may renounce it by giving three months' notice of such decision.

Bolivia

Sanchez Notes Conditions for Lifting State of Siege

PY2107142095 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 21 Jul 95

[FBIS Translated Text] President Gonzalo Sanchez de Lozada has promised Max Fernandez — his personal adviser and UCS [Solidarity Civic Union] leader —that the state of siege will be lifted if the government can calm the social discontent within 30 days.

The president summoned his sometime political partner to his residence in San Jorge yesterday to urge him to support the extension of the state of siege. Max Fernandez left the meeting convinced of the importance of extending the state of siege because of threats of commotion in the tropical region of Cochabamba.

Just two days ago Max Fernandez voiced his opposition to the government decision. The president of the Republic said he invited Mr. Max Fernandez — in his role as UCS leader — to participate in the national reconciliation effort, with the rank of adviser to the presidency of the Republic.

During the meeting, at which the government minister was also present, the UCS leader demanded more information on the capitalization process of strategic Bolivian companies.

Congress Approves State of Siege Extension

PY2207011395 Madrid EFE in Spanish 0036 GMT 22 Jul 95

[FBIS Translated Text] La Paz, 21 Jul (EFE) — The Bolivian Congress approved today the extension for 90 days of the state of siege requested by the government after an unexpected maneuver on the part of the government bloc that interrupted the long list of speakers and put a resolution of the government coalition to a vote.

The congressional session became tedious with the long speeches of the opposition congressmen until Senate President Juan Carlos Duran interrupted one of the speakers and declared that the issue had been discussed enough.

Despite the protests of several congressmen who spent more than 30 hours in Congress, Duran put to the vote of the government majority a congressional resolution submitted by the government coalition that authorizes the extension of the state of siege for the period of time requested by the government.

Immediately after the vote the officials of the legislative branch turned off the lights of the building to force the opposition congressmen to leave Congress.

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Brazil

Cardoso Opposes Presidential Reelection

PY2107025795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jul 95 p A7

[FBIS Translated Excerpt] Lisbon — President Fernando Henrique Cardoso yesterday proposed the extension of the four-year presidential term rather than approving a reelection for a second term. Upon leaving Queluz Palace, where he is staying while in Lisbon, President Cardoso stated that he will respect the decision of the Congress on this matter. Cardoso endorsed Ambassador Itamar Franco's remarks that interest rates must be reduced in Brazil. He said: "As a matter of fact, they are declining, and every measure is being adopted for this to happen."

Cardoso elaborated on the proposal to maintain the four-year presidential term and to allow an incumbent president to seek reelection for another four-year term. "Had I been in Congress when the issue came up for a vote, I would have voted for a four-year term with an option for the incumbent to seek reelection for another four-year term. Yet, today I would not do that." He said: "I believe the best solution would be to have a longer term without an option for reelection." Cardoso declined to state, however, whether a longer term should last five or six years. [passage omitted]

Cardoso, Portuguese Premier Sign Agreements

PY2107131595 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 21 Jul 95

[FBIS Translated Excerpt] President Fernando Henrique Cardoso and Portuguese Prime Minister Anibal Cavaco Silva yesterday signed three bilateral agreements during the second Luso-Brazilian summit. The two leaders stressed the importance of a telecommunications agreement to jointly build a fiber-optics cable as of 2000. [passage omitted]

The two presidents also signed an memorandum of understanding to facilitate political, economic, and cultural consultations. They also signed a consular cooperation agreement to protect and help citizens from each country.

President Cardoso said that Brazil and Portugal have many things in common and that they must continue to like and respect each other.

Lampreia To Brief Congress on Patent Bill

PY2207022295 Sao Paulo AGENCIA ESTADO in Portuguese 1737 GMT 21 Jul 95

[FBIS Translated Text] Sao Paulo, 21 Jul (AE) — On 10 August, Foreign Minister Luis Felipe Lampreia will report to the Senate Economics Committee the Cardoso administration's position with regard to the draft bill on patents, which the Senate will vote on in the second half of this year. The draft bill contemplates the need to establish a one-year period for the effective implementation of the law, and to respect patents being developed abroad before the products are put on the market (pipeline) [preceding word in English], and also deals with research on the development of microorganisms.

This government position has been adopted on President Fernando Henrique Cardoso's orders. Cardoso hopes the new law will be approved during the second half of the year. The foreign minister said today in London that he thinks there is a good possibility the Senate will finish debating the issue in the near future.

The idea to summon Minister Lampreia and other representatives of Brazilian society to debate the new patent law was conceived by Senator Fernando Bezerra (Brazilian Democratic Movement Party — Rio Grande do Norte). Bezerra, who is the Economics Committee rapporteur, believes that a broad debate is required before the definitive text is put to the approval of a congressional plenary session.

Bezerra believes that the text will be voted on before September. He will have to end the misunderstandings caused by Senator Nei Suassuna's report. Instead of writing a report on whether the draft bill approved by the Chamber of Deputies is constitutional, Suassuna — who is a member of the Constitution and Justice Committee — presented a report condemning the pipeline [preceding word in English] method, restraining research on microorganisms, and contemplating a period of more than one year for the effective implementation of the new law. Suassuna's report does not respect the agreement Brazil signed with the World Trade Organization and has caused difficulties for the government. Other industrialized nations have asked the government whether Suassuna's report represented the country's thinking.

PDT's Miro Teixeira Viewed as Opposition Leader

PY1807202995 Rio de Janeiro O GLOBO in Portuguese 15 Jul 95 p 1

[From the "Political Highlights" column by Tereza Cruvinel from Brasilia]

[FBIS Translated Text] A survey recently conducted by Diap [Interunion Department of Congressional Advisers] has confirmed something the government has already known for some time: PDT [Democratic Labor Party] leader Miro Teixeira is the opposition leader. During a recent encounter at the Piantella restaurant,

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the president himself complained: "Miro, you have become the opposition leader!"

During the past 20 days, Miro has managed to introduce an amendment into the provisional measure on the real, remove telecommunications from the provisional measure on privatizations, and secure an STF [Federal Supreme Court] preliminary order against a provisional measure on deindexation. He has been singled out as the preferred target for the second half of the year. Miro says he is not discouraged, and has renewed strength: During the congressional recess he is working on regulating the approved reforms involving oil, telecommunications, and navigation.

Governors Oppose Proposal To Make ICMS Federal Tax

PY2207034595 Sao Paulo AGENCIA ESTADO in Portuguese 2131 GMT 21 Jul 95

[FBIS Translated Text] Rio de Janeiro, 21 Jul (AE) — President Fernando Henrique Cardoso has criticized the meetings held by governors who are opposing the federal administration's tax reform proposal. Cardoso's criticism did not shake the position of the seven governors who attended the installation of Humberto Motta as president of the Rio de Janeiro Commercial Association here today. All of them stated that they would oppose the tax reform proposal if it should make the Goods and Services Movement Tax (ICMS) a federal tax. Yet, the seven governors are divided over a possible amendment of paragraphs B and X of Article 155 of the Constitution. Paragraph X exempts operations involving the transfer of fuels and electricity from one state to another from the ICMS tax. States that produce fuels and electricity want this exemption to end. States that consume fuels and electricity are willing to discuss some form of compensation.

Rio de Janeiro Governor Marcello Alencar (PSDB) [Brazilian Social Democracy Party] continues to oppose the proposal to make the ICMS a federal tax. He says: "State administrations must be free to attract investors through fiscal incentives." Rio de Janeiro State produces energy and it is losing $217 million annually as a result of the ICMS exemption on these operations. Thus, he wants paragraph X of Article 155 amended to end the exemption.

Minas Gerais Governor Eduardo Azeredo (PSDB) opposes making the ICMS a federal tax. He said: "If the idea is to set up some national rules, I think this would be important. Yet, I will not agree to having the revenues from a state tax go to the federal admnistration." He proposes that paragraph X of Article 155 be amended because Minas Gerais is losing revenues as a result of the ICMS exemption on fuels and electricity.

Bahia Governor Paulo Souto (PFL) [Liberal Front Party] continues to oppose making the ICMS a federal tax. He does not agree to having the federal administration collect all ICMS revenues. He believes negotiations could be held to standardize the ICMS rates among the states, but he contends that the states, especially the least developed ones, should have elbow room for attracting investors. He does not believe a fiscal war is under way. He said: "All that is happening is a fight among PSDB members of rich states." He would like to negotiate the amendment of Article 155 because Bahia produces oil and electricity and it is losing $98 million annually due to the ICMS exemption on these operations.

Sergipe Governor Albano Franco (PSDB) would be against making the ICMS a federal tax if the states did not have any flexibility to attract investments. He wants to negotiate paragraph B of Article 155 because Sergipe ranks fourth among the states in terms of oil production and it is receiving only 400,000 reals [R] monthly in royalties despite producing 500,000 barrels.

Goias Governor Maguito Vilela (PMDB) [Brazilian Democratic Movement Party] does not agree with making the ICMS a federal tax, especially if it would result in violating the autonomy of each state. He said: "The ICMS must remain a state tax." He is in favor of eliminating the ICMS exemption on fuels and electricity for producing states because it foments tax evasion.

Espirito Santo Vice Governor Jose Renato Casa Grande (PSB) [Brazilian Socialist Party] continues to oppose making the ICMS a federal tax. He said: "States cannot lose their autonomy. He proposes the establishment of limits for tax exemptions to avoid a fiscal war, but wants guarantees for using mechanisms to promote development. He is willing to negotiate Article 155 because Espirito Santo produces electricity, but it imports oil.

Roraima Governor Neudo Ribeiro Campos (PTB) [Brazilian Labor Party] opposes making the ICMS a federal tax. He said: "I do not believe in standardized rules for unequal states." He said that the governors of the nine states located in the Amazon Region will meet to formulate a joint position on this issue. He proposes differentiated incentives for the north and northeast regions. He remains undecided on Article 155 of the Constitution because the energy his state consumes does not come from Brazil, but from Venezuela.

Tocantins Governor Jose Wilson Siqueira Campos (PPR) [Progressive Renewal Party] continues to oppose making the ICMS a federal tax. He said: "The concentration of economic and financial resources is

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a disservice to the country." He proposes a reduction of taxes, but he does not want the states to lose their autonomy. He is willing to negotiate to make changes to Article 155.

BC Official Says Banespa To Be Privatized

95SM0434D Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jun 95 p B-3

[Article by Gilberto Scofield Junior: "Banespa Will Be Privatized, BC Director Insists"]

[FBIS Translated Text] Rio de Janeiro—The director of monetary policy at the Central Bank [BC], Alkimar Moura, said yesterday that the Central Bank's goal is to privatize all the banks that are operating under a special regime: Banespa [Sao Paulo State Bank], Banerj [Rio de Janeiro State Bank], Produban [Alagoas State Bank], Beron [no expansion given], and Bemat [Mato Grosso State Bank]. "Banespa's privatization is inevitable, and what happens to that bank will be extended to all the others that are operating under government intervention," he said yesterday during a seminar of the Council of Latin American Businessmen on capital flows in Latin America.

Alkimar Moura said further that the heart of the debate between the Central Bank and the government of Sao Paulo concerns the size of the state government's interest in the institution and the settlement of the more than $11 billion in outstanding public sector receivables held by Banespa. "Privatization is a goal because it has been proven that the Central Bank is better able to manage private banks than public banks," he said.

On Monday, the National Bank for Economic and Social Development, BNDES, will probably announce the names of the consortia that will appraise Banco Meridional. "If all goes as expected, Meridional would go on the block, along with Banco de Credito Real of Minas Gerais, at the beginning of 1996," Moura said. No decision has been made on privatization of Banco do Estado do Ceara.

The director of divestitures at BNDES, Elena Landau, said that on Monday the Official Gazette will publish an important item on the call for bids on Escelsa [Espiritu Santo Power Plants, Inc.]. After some of the parties interested in the electric power company severely criticized the inflexibility of the announcement, the BNDES decided to rewrite it. "Some points have been changed, such as tariff policy, the possibility for generating new business, items on energy conservation, etc.," Landau explained. She confirmed that the auction will be held on 11 July.

The BNDES director said the next meeting of the National De-Statization Council will take up (besides the changes in the Escelsa announcement) the setting of minimum prices for five petrochemical companies at the Camacari Complex, the date for the auction of Copene [Northeastern Petrochemical Company], the proposal for the Light splitup, and the possibility that government-owned companies might be allowed to participate as buyers in the new wave of privatizations.

Cardoso Administration Privatization Begins

Escelsa First Sold

95SM0434A Sao Paulo GAZETA MERCANTIL in Portuguese 12 Jul 95 p B-6

[Article by Rio de Janeiro correspondent Ana Lucia Magalhaes: "Escelsa Sold for 357.9 Million Reals [R]"]

[FBIS Translated Text] Yesterday, in the first privatization of the Fernando Henrique Cardoso administration, Iven (a company formed by several banks—Pactual; Bozano, Simonsen; Icatu; Nacional; and Citibank—as well as Opportunity Capital Partners, the Centrus pension fund, and the Argentine firm Perez Compano) and GTD (comprised of 11 pension funds) purchased control of Escelsa [Espiritu Santo Power Plants, Inc.]. They paid R357,923,251.40, which represented an 11.78 premium over the minimum value set by the government, when the market was expecting the premium to go well above that.

According to Luis Cesar Fernandes, president of Banco Pactual and founder of Iven, this company—which already controlled about 20 percent of Escelsa—will now hold 47 percent of its total capital. GTD will have 25 percent. However, Fernandes insisted that the business will be run as if IVEN and GTD had equal shares.

GTD is a publicly held company set up by 11 of Brazil's biggest pension funds. They are: Previ, for Bank of Brazil personnel, which, with assets close to R12 billion, is the biggest; Fapes, of the BNDES [National Bank for Economic and Social Development]; Sistel, of Telebras [Brazilian Telecommunications Inc.]; Petros, of Petrobras [Brazilian Petroleum Corporation]; Valia, of Vale do Rio Doce Company; Escelsus, of Escelsa; Baneses, for employees of the bank of the State of Espiritu Santo; Eletros, of Eletrobras [Brazilian Electric Power Company, Inc.]; Fachesf, of Chesf [San Francisco Hydroelectric Company]; Real Grandeza, of Furnas [Furnas Electric Power Plants, Inc.]; and Aerus, the only private enterprise pension fund, sponsored by airline companies led by Varig and Transbrasil.

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It took only 45 minutes of almost cent-by-cent competition between Parcel, the consortium formed by Iven and GTD, and Power do Brasil, a group comprised of Chase Manhattan, Vicunha, Denerge (the Rede Group), CSN [National Iron and Steel Company], Banco Safra, Odebrecht, and two American utility companies—Houston, and CSW—to sell Escelsa. At the start of the auction, held at the Rio Stock Exchange, Graphus, the broker representing Power do Brasil, appeared willing to "bump up" the price, while Bozano, Simonsen, the broker acting for Iven, was going cent by cent.

Then the partners in Power do Brasil showed they were not that hungry after all, and started raising their bids by smaller increments, making the auction a regular "battle of cents." But from the midpoint on, Iven signaled that it was digging deep and increased its bids until it achieved its goal when auctioneer Danilo Ferreira brought down his hammer.

Serra Notes Timetable

95SM0434B Sao Paulo GAZETA MERCANTIL in Portuguese 12 Jul 95 p B-6

[Article by Rio de Janeiro correspondent Vera Saavedra Durao: "Proceeds Will Reduce Public Debt"]

[FBIS Translated Text] Exhilarated by the financial success of the Escelsa [Espiritu Santo Power Plants, Inc.] auction, which brought almost R240 million in cash into the public coffers from the R357.9 million raised, Minister Jose Serra, after attending the first privatization of the Fernando Henrique administration, held at the Rio Stock Exchange, announced that "the bulk" of the funds obtained from the sale of state enterprises will be earmarked primarily for the formation of a stabilization and capitalization fund to stretch out and reduce the costs of interest payments on the public debt. Serra said the cash proceeds of the sale of Escelsa are a first step in that direction.

In an interview following the auction, interrupted so the minister could advise the president of the Republic of the results of the auction by telephone, Serra reaffirmed his decision to demand increasingly larger cash payments in future privatizations. He insisted that Light [Power Services, Inc.] will be sold for 100 percent cash-on-the-barrel, and will be sold this year. The required percentage of cash will be determined case by case for the other companies. Another new development mentioned by Serra is that a portion of the funds raised from the sale of Light will go to the State of Rio de Janeiro. The news brought a broad smile to the face of Rio Governor Marcello Alencar, who also attended the Escelsa sale.

Serra confirmed the official decision to send to the Treasury the cash raised in the privatizations, swapping it with the state enterprises' holding companies for long-term public debt instruments, the NTN-P [National Treasury Notes-Privatization], as will occur with Eletrobras [Brazilian Electric Power Company, Inc.] following the financial liquidation of Escelsa on the 17th. He admitted, however, that he is considering an alternative procedure, because of the shareholders of those holding companies. "But until we reach a conclusion on the subject, we will follow the legally established procedure," he said, sharply. In responding to a question about the existence of some concrete proposal to change this procedure, the minister said there are "umpteen" proposals. "We have NTN's and we have N proposals and the discussion of them is a factorial N. N times N minus 1, times N minus 2," he said, sarcastically.

As for the privatization timetable for this year, the minister confirmed that Petroquisa's [Petrobras Chemical Corporation] interests in 13 petrochemical companies will be sold starting in August, when auction dates will be set for all of them. He confirmed that Light/Rio will be sold by December and that a plan is now being submitted to split the company in two—Light/Rio, and Light/Sao Paulo, i.e., the 48 percent that the Rio company holds in Eletropaulo [Sao Paulo Power, Inc.]. He said he hopes the sale of Meridional [bank] will take place by December or, at the latest, early in 1996. Serra pointed out that Light's holdings in Eletropaulo will not be sold off after the splitup. "The government will hold onto that investment and wait for Eletropaulo's stock to rise following the privatization of the Sao Paulo company."

The sale of Escelsa was hailed by the minister as "a landmark" in privatizations in Brazil because it also launched the public utility concessions process. "This is a very important step in opening up public services to private investors. There is no contradiction in having businessmen invest in a field that serves the public as a whole, as is the case with electric power generation and distribution and other services like water and telecommunications," he pointed out.

Plans for Cesp

95SM0434C Sao Paulo GAZETA MERCANTIL in Portuguese 12 Jul 95 p B-6

[Article by Brasilia correspondent Isabel Versiani: "Plan To Sell Cesp"]

[FBIS Translated Text] Minister of Mines and Energy Raimundo Brito said yesterday, following the sale at auction of Escelsa [Espiritu Santo Power Plants, Inc.], that at least three states—Sao Paulo, Rio de Janeiro,

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and Bahia—are studying the possibility of privatizing their electric power systems. According to Brito, the Sao Paulo government has made the most progress in the divestiture process and has already submitted to the ministry a "grand program" to sell Eletropaulo [Sao Paulo Power, Inc.] and Cesp [Sao Paulo Power Company, Inc.].

Rio de Janeiro Governor Marcello Alencar has also notified Brito of his decision to privatize CERJ [Rio de Janeiro Power Company], but no date has been set yet. In Bahia, according to the minister, the likelihood is that only the generating plants owned by the state company (CORL-BA) [no expansion given] will be sold. These consist of the Correntina and Alto Femea plants. Although he said all these plans are also being examined by the federal government, Brito noted that the states have complete autonomy to pursue their privatization programs. "We cannot interfere at all," he emphasized.

With respect to the privatization of Escelsa, the minister said the administration expects that the company will now become more efficient and productive, thereby bringing "great benefits to this country." He observed that the final auction price (R357.9 million) was 12 percent higher than the price the administration had expected, which confirmed the "success" of the operation.

President Fernando Henrique Cardoso was also satisfied with the auction, saying it is the one that "yielded the most, in relative terms, for the National Treasury" with R250 million in cash going into the government coffers, according to Assistant Press Secretary Ana Tavares. The president also emphasized that the administration is waiting for a hefty increase in the price of Escelsa's stock before it sells the 16 percent interest that is still in federal government hands.

Chile

Government Expresses 'Profound Concern' Over Bosnia

PY2207021795 Madrid EFE in Spanish 2302 GMT 21 Jul 95

[FBIS Translated Text] Santiago, 21 Jul (EFE) — The Chilean Foreign Ministry expressed today its "profound concern" over the worsening of the situation in Bosnia-Herzegovina, and supported the UN Security Council Resolution on this conflict.

In a communique released today, the Chilean Foreign Ministry emphasizes its "full support" for the UN declaration demanding that the Bosnian Serbs refrain from taking any action threatening the security of the population of Zepa and that the human rights of the civilian population be respected.

The communique says that the Chilean Government has permanently condemned the human right violations and the "ethnic cleasing" operations practiced as a military method in Bosnia-Herzegovina.

The Chilean Government communique concludes by calling for the implementation of the UN Security Council decisions and for cooperation with the UN peacekeeping forces.

At the same time, the Chilean Government expresses its confidence that the efforts to achieve peace being carried out by the Contact Group "will make it possible to find a peaceful solution to this regrettable conflict."

Protest Over French Nuclear Testing Ruled Out

PY2207011195 Santiago EL MERCURIO in Spanish 21 Jul 95 p C3

[FBIS Translated Text] On 20 July, Foreign Minister Jose Miguel Insulza ruled out the possibility that the Chilean Government might resort to the International Court of Justice [ICJ] headquartered in The Hague to file a protest and try to nullify French President Jacques Chirac's decision to resume nuclear testing in the South Pacific.

Likewise, the foreign minister rejected actions like the occupation of the French Embassy in Santiago for two hours yesterday by six youngsters from the Party for Democracy.

"I think that actions of that sort are not really conducive to anything. The occupation was rather an advertising action. I am glad that they left the embassy without causing much fuss," he added.

Insulza pointed out that the Frei administration maintains contacts with other countries in the area to exchange opinions and coordinate possible protest actions against France's decision to resume nuclear testing at Mururoa atoll.

With regard to Greenpeace's request to have recourse to the ICJ, the foreign minister emphatically dismissed that possibility, arguing that Chile's legal position is that one cannot unilaterally refer a case to the ICJ, as there must be a prior agreement between the parties to do that.

Italian President Concludes Visit

PY2107183395 Madrid EFE in Spanish 1539 GMT 21 Jul 95

[FBIS Translated Text] Santiago, 21 Jul (EFE) — Italian President Oscar Luigi Scalfaro left today for Uruguay, thus continuing his tour of several South American countries, after completing an official three-day visit to Chile.

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Before leaving, Scalfaro met with Supreme Court President Marcos Aburto. This was the last activity of his working agenda in the Chilean capital.

During his stay in Chile, the Italian president met with President Eduardo Frei, with whom he analyzed the state of bilateral relations and reviewed the international situation.

Scalfaro stressed his country's "profound interest" in the consolidation as soon as possible the political and commercial association agreement Chile intends to negotiate with the EU.

Frei thanked the Italian Government's concern and cooperation "during the difficult times" Chile had lived through during the military regime headed by General Augusto Pinochet (1973-1990).

The Italian president also met with the presidents of the Chilean Senate Gabriel Valdes, and of the Chamber of Deputies Jaime Estevez, and was declared illustrious guest by Santiago Mayor Jaime Ravinet.

He also dedicated a building within the Catholic University campus to conduct research on tumors. The construction of this building was possible thanks to the financial contribution of the Italian Government.

Issue of UN Security Council Seat Examined

PY2107041495 Santiago EL MERCURIO in Spanish 20 Jul 95 p A2

[Article by Pedro Daza Valenzuela]

[FBIS Translated Text] The UN Latin American and Caribbean Group has endorsed Chile's candidacy for one of the seats corresponding to Latin America on the Security Council. The latter comprises 15 members, five of which are permanent — the United States, France, the United Kingdom, Russia, and the PRC. The remaining 10 members are elected by the General Assembly for two- year terms according to an established geographical distribution — two seats correspond to Latin America and the Caribbean, two correspond to Asia, three to Africa, two to Western Europe and other states, and one to Eastern Europe.

Latin American's support for Chile ensures the latter's election. There will be only one official Latin American candidate, and, as is usual in these cases, the Assembly confirms — by a two-thirds vote, as established in the Charter — the candidate nominated by the regional group.

In light of this situation, many highly qualified opinions have been voiced expressing certain reservations about Chile's aspiration to sit on the Security Council. It has been argued that that option is not part of the priorities of Chile's foreign policy and that the discharging of the duties incumbent upon Chile as a Security Council member might oblige our country to take a stand on conflicts in which it is not involved. What is more, according to these same arguments, adverse consequences might ensue from Chile's actions, which could jeopardize the achievement of our priorities.

Despite the fact that these opinions are worthy of consideration, I do not agree with them. There are arguments that justify Chile's aspiration to be a Security Council member and reasons that more than justify the possible difficulties that may arise from this event.

The members of an organization must assume the responsibilities such membership involves. With regard to the case in question, Latin America has the obligation of maintaining a presence in the Security Council, and each Latin American nation must, in turn, feel honored by such a representation. Chile ought not to excuse itself from it.

There is, moreover, a reason of opportunity. Since the establishment of the United Nations 50 years ago, Chile has been a member of the Security Council on two occasions; namely, from 1952 to 1953 and from 1961 to 1962. Our country has not sat on the Council for more than 30 years. This is quite a long period of time.

Within the concept of rotation prevalent in the United Nations for the appointment of positions and duties, the designation of Chile as Council member is, therefore, something natural and necessary.

Still, the most important consideration for Chile's foreign policy is the nature of the body in whose activities it would fall to us to participate and the role the Council plays within the United Nations.

The Security Council is not only the most important UN body; it also constitutes the backbone of the security system established by the Charter. Its primary purpose is the maintenance of peace.

The Council is the only body that is empowered to authorize or acquiesce in the legitimate use of force. It may impose obligatory sanctions on countries that engage in actions contrary to international law as listed in the Charter.

Those who drew up the Charter, and particularly the great powers, conferred upon the Council special powers which, as far as the maintenance of peace is concerned, are greater than those of the Assembly. Through the establishment of this Council — and their power of veto— the great powers entrusted the mission of guaranteeing peace and engaging in the use of force to only one

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body, as was previously mentioned. Besides this particular mission, the Council has special jurisdiction in what pertains to the admission of new members, the suspension or expulsion of actual members, the appointment of the secretary general, and the revision of the Charter. No amendment to the UN Charter can be adopted without the prior consent of the Council.

The Security Council is the executive body of the United Nations. Its supranational power endows it with a very special connotation. In effect, pursuant to Article 25 of the Charter, Council agreements are not only binding upon its 15 members, but also on all UN members. Within a community of sovereign states, the Council must be the international cooperation endeavor that is the most similar to an incipient universal government.

International relations continue to be greatly conditioned upon the concept of power. The Security Council wields, on the world scene, substantial power, in which each one of its members participates. This is the reason why sitting on the Council gives prestige and power, which is reflected in each of its members' bilateral and multilateral actions.

Chile is well qualified to assume those responsibilities and to be an active participant in the Council's specific spheres of action, something which will undoubtedly contribute to buttressing our actions abroad and strengthening the dimensions of our foreign policy.

It is true that assuming greater responsibilities gives rise to the possibility of confronting serious eventualities. This is precisely the fear of those who contend that Chile should not neglect or bring to a standstill more pressing priorities in order to shoulder those responsibilities.

In order to face those contingencies, our country has the strength of having consistently, throughout its entire history, abided by the basic principles of international relations, such as respect for treaties, peaceful resolution of controversies, non-use of force, and self-determination of peoples, which constitute an important basis for a successful performance in the Security Council.

The current stage in which the United Nations finds itself constitutes an additional argument for considering our participation in the Council favorably.

After 50 years of existence, the need for introducing reforms at the United Nations has become imperative. Today's world is totally different from the one that troubled the delegates who went to San Francisco in 1945.

The crises in [the former] Yugoslavia and Rwanda have proved that it is paramount to introduce substantial reforms in UN peace mechanisms. A system that was designed to confront traditional conflicts between states is not sufficiently prepared to come to grips with disputes like the ones that have required UN intervention over the last few years. The humiliation the United Nations is suffering in Bosnia-Herzegovina exposes the weakness of the organization.

Likewise, there are many UN bodies that are obsolete and paralyzed by crippling bureaucracy, as is the case of the UNCTAD [United Nations Conference on Trade and Development]. Economic cooperation requires urgent revision.

The next two years will be decisive for the adoption of measures that will enable the United Nations to rise to the task in our modern international society.

Chile's action in the Council will require of our country that it make decisions having lasting consequences. It is the Security Council that will decide its future structure, the enlargement or modification of the power of veto, a new role and greater scope for UN peacekeeping operations.

If it has always been necessary and appropriate to draft a veritable state policy, it is particularly desirable to design a strategy and political line of action for Chile's participation in the Council that takes into account the ideas of various political sectors and of highly qualified persons in the field of foreign policy.

This national definition will make Chile's participation in the Security Council more fruitful and vigorous.

Restrictions on Argentine Gas Imports Eliminated

PY1907004295 Santiago EL MERCURIO in Spanish 8 Jul 95 p A23

[Article by Maria Jose Errazuriz]

[FBIS Translated Excerpt] Buenos Aires — Chilean Foreign Minister Jose Miguel Insulza and his Argentine counterpart Guido Di Tella signed a new protocol yesterday liberating the trade, export, import, and transportation of natural gas between Chile and Argentina.

The document guarantees the elimination of legal, regulatory, and administrative restrictions to facilitate the sale of natural gas, which until now had to be exported from the Neuquen deposit, southern Argentina, with a limited quota.

The new agreement clearly establishes that neither of the parties will be able to restrict the action of the natural gas producers, who will be able to export their reserves and supplies.

This is a protocol that replaces the agreement signed with Argentina in 1991. Alejandro Jadresic, president

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of the National Energy Commission, explained that the objective is to make the natural gas market more competitive to reduce prices for consumers. Therefore, the restrictions established in the previous agreement with regard to the volume and the number of natural gas deposits from which this source of energy could be sent to Chile were eliminated. [passage omitted]

Colombia

FARC Issues Communique on Government Peace Talks

PA2107174095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 21 Jul 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] The FARC [Revolutionary Armed Forces of Colombia], after several weeks of silence, today in a communique referred to the amnesty process with the Colombian Government.

These are some of the points in the communique: Regarding circumstances for a meeting with the government, the FARC does not see the president's conditions for a meeting in La Uribe as a generous proposal. However, they endorse their decision to hold talks to reach agreements.

The communique states: Uribe is only a segment of the fatherland that is needed for a limited amount of time, everything else is an excuse.

Minister Says Government May Withdraw Peace Proposal

PA2307042295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 22 Jul 95

[Report by Rosario Melendez in Cartagena de Indias; from the "Cripton News" newscast]

[FBIS Translated Text] New Interior Minister Horacio Serpa Uribe unexpectedly announced today in Cartagena de Indias that the administration of President Ernesto Samper will withdraw its peace proposal if subversive groups do not clearly prove they want to participate in the dialogue. The Colombian Government will reportedly withdraw the peace plan with guerrilla groups, because it sees no political receptiveness, willingness, or interest from the groups up in arms:

[Begin Serpa recording] High Peace Commissioner Carlos Holmes Trujillo has carried out extremely important negotiations, but the guerrilla groups have disregarded them. Perhaps this means they have no inclination, no interest, no desire for a reconciliation and an agreement as the Colombian people are demanding. Consequently, we may have to withdraw the peace plan. [end recording]

[Hamburg DPA in Spanish at 1927 GMT on 22 July adds in a similar report: "President Ernesto Samper has sanctioned a law allowing the creation of the new Interior Ministry, replacing the Government Ministry, which mainly handled political and public order issues." The report adds that Horacio Serpa, government minister until today, "has been sworn in as the first interior minister in the country's history."]

Official Notes Silence to Government Offer

PA2307042395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 22 Jul 95

[Interview with Colombian High Peace Commissioner Carlos Holmes Trujillo Garcia by Jose Luis Ramirez; place not given; from the "Cripton Newscast" — live]

[FBIS Translated Text] [Ramirez] We are here with High Peace Commissioner Carlos Holmes Trujillo.

Dr. Holmes, given the guerrilla groups' silence, the failure to give a reply to the government, regarding the offer made by the president, what comes next?

[Holmes] First, it is true they have yet to reply. We must wait, but naturally the president of the Republic would evaluate, as he always does, what would be the next step, taking into consideration the highest national interest if they fail to respond.

[Ramirez] Could the peace proposal, the offer, be withdrawn at a given moment?

[Holmes] The president of the Republic would evaluate the situation to define what would be the next step, taking into consideration the country's interests, as he always does.

Samper Justifies NAM Despite End of Cold War

PA2307224895 Madrid EFE in Spanish 0859 GMT 22 Jul 95

[Report by Guillermo Tovar]

[FBIS Translated Text] Santa Fe de Bogota, 22 Jul (EFE) — Colombian President Ernesto Samper has justified the validity of the Nonaligned Movement [NAM], despite the disappearance of the cold war and the East-West confrontation, and said great differences remain between the northern nations and the developing countries in the South.

Samper defended the significance of the presidency of this group of nations, which Colombia will receive from

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Indonesia next October. He said the 11th NAM Summit of Chiefs of State and Government, which is to be held in the Colombian city of Cartagena de Indias from 14 to 20 October, "is one of the most important events" in local history. The leader added that the meeting, which will be attended by 6,000 people, is "an opportunity to abandon once and for all the parochialism that has characterized our perception of the world for so many years."

Samper believes that despite the disappearance of the cold war and the confrontation between the United States and the USSR, the NAM agenda still has many pending issues in the developing world, for example poverty, increasing environmental destruction, and conflicts between ethnic groups and creeds. Other issues to be solved are technological control, drug production and consumption, money laundering, gunrunning, foreign debt, and neo-protectionist measures, the Colombian president indicated.

The Colombian chief of state recalled the deceased leaders Nehru (India), Tito (former Yugoslavia), Sukarno (Indonesia), and Gamal Abd'-al-Nasir (Egypt), and said they had "envisioned and fought for a world in which the developing countries would not have to automatically align themselves with one of the two great powers." He said "concern over the validity of the movement would be largely resolved if we accept the fact that the big afflictions suffered by our nations persist even though there have been important changes in world relations and several problems have been solved." He added "the big changes in East-West relations have not been matched in North-South relations. Quite the contrary: in the latter, the inequalities, poverty, and backwardness have increased."

The Colombian president swore in Ramiro Osorio as new NAM summit organization director on Friday. Of the 112 full-fledged NAM member countries, 30 chiefs of state have already confirmed their assistance to this event. Osorio, former ambassador in Mexico and director of the Colombian Culture Institute (Colcultura), replaced Rodrigo Villamizar, who was sworn in as energy and mines minister on Wednesday.

Colombia was elected to preside over NAM during the 1995-1998 term at a ministers meeting held in Cairo last year. Colombian Defense Minister Fernando Botero Zea has ensured the security of the chiefs of state and government who will attend the summit and said 5,000 Colombian Armed Forces members have been assigned to this task, without including their personal bodyguards.

Several advance groups of the presidents who have confirmed their presence at the summit will work in the summit's preliminary preparatory phase that is to start in Cartagena de Indias next Monday. The names of the chiefs of state who have confirmed their presence have not been revealed for security reasons. The advance groups will include protocol, security, and communications officials and the preparatory meetings will last until 29 July.

Among the leaders who have confirmed assistance to the summit are the presidents of Cuba, Fidel Castro, and Egypt, Husni Mubarak.

$1.125 Billion Deficit Reported in First 5 Months

PA1907202095 Madrid EFE in Spanish 2044 GMT 13 Jul 95

[FBIS Translated Text] Santa Fe de Bogota, 13 Jul (EFE) — On 13 July, the General Accounting Office of the Republic [CGR] reported in Santa Fe de Bogota that Colombia's public accounts showed a fiscal deficit of 945 billion pesos (approximately $1.125 billion) in the first five months of 1995.

The CGR reported that the Treasury also had a negative balance of 476 billion pesos (over $556.6 million), while spending exceeded the budget by 334 billion pesos ($397.6 million).

A CGR financial report on public accounts warns that the condition of the state accounts clearly shows "an alarming excess of public spending."

According to Colombian Comptroller General David Turbay Turbay, the country's official accounts are in this dangerous situation because of accumulated negative balances from previous years as well as the current government's scarce interest in taking corrective measures.

The report says that during the first five months of 1995, the payments for personal services have surpassed by seven points the goals established by President Ernesto Samper's government plan. The report adds that during this period, only 10 percent of the government's investment plan has been implemented.

Turbay pointed out that the fiscal deficit accumulated in 1995 is slightly higher than the fiscal surplus recorded during the same period in 1994, which was 941 billion pesos (a little over $1.1202 billion).

Nevertheless, Turbay made it clear that this positive balance resulted from special income from the sale of assets and the cellular telephone concession.

Thus, the ordinary income from one period to another shows a 14-percent reduction.

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The comptroller also underscored that in 1995, payments showed a 43-percent increase, but he warned that the operations and investment accounts are lagging behind by 966 billion pesos (some $1.15 billion).

Turbay pointed out that 73 percent of this amount pertains to commitments made during the last fiscal year.

However, the comptroller believes that delayed payments represent a very small fraction of the great effort the government must make to reduce spending and balance its public accounts.

Perry Views Economy Under Gaviria, Samper

95CA0305A Santa Fe de Bogota EL TIEMPO in Spanish 9 Jul 95 pp 1, 5C

[Interview with Finance Minister Guillermo Perry by Luis Alberto Lopera and Jaime Mejia Mazuera: "Hommes: Spending Champion"; date and place not given]

[Text] *Minister of Finance Uncorks Criticism of Previous Government*

Inflation turned out worse than expected, but he believes it will definitely end up "around" 18 percent.

Tired of being "beaten up" by his predecessor, Minister of Finance Guillermo Perry decided to "vent."

He says the figures do not lie: Rudolf Hommes was the one who spent the most under recent governments, without in any way helping to improve social investments.

He believes that foreign policy was so mismanaged that the economy was at risk of entering a crisis like the one seen in Mexico.

In an interview with EL TIEMPO, Perry said he would have preferred not to be forced to cut 530 billion pesos from his spending budget for 1995, but that that was the agreement made with the board of directors and he will have to abide by it.

However, Perry declares that this was not why the president announced a reform of the law regulating the Bank board's operations. What is more, the government is not uncomfortable with the Bank's independence.

The problem is that the board is bound to control inflation and does not have the flexibility to devote more attention to other variables such as employment and production.

[Lopera, Mejia Mazuera] The previous government let public spending get out of control, but it would appear that you are following the same path.

[Perry] That is not true. You must admit that Rudolf Hommes was the champion of public spending. Never in the history of Colombia has any minister of finance managed to increase public spending at the rate he did during his term in office.

There was too much bureaucracy and very little spent on investments, particularly social investments. Moreover, private saving declined as a result of an excessively lenient monetary policy.

[Lopera, Mejia Mazuera] But this government this government had so little control over spending that last week it had to agree with the Bank of the Republic board on another cut.

[Perry] The growth in public spending under the previous government was scandalous and started the country down a path that is not easy to moderate.

The first problem was municipal spending. The process of transfers to the regions was too fast and did not include effective controls. Further more, even though the constitution provided the previous government with many mechanisms for guiding the process, it failed to use them.

[Lopera, Mejia Mazuera] Was the Bank of the Republic board of directors more flexible with the previous government?

[Perry] Unquestionably. It allowed the means of payment always to be above monetary band [corredor monetario], with an interest rate that was sometimes negative in real terms, little savings, and heavy consumer spending.

The excess spending prevents the rate of inflation from dropping, as happened last year.

[Lopera, Mejia Mazuera] Was the previous government's foreign policy misguided?

[Perry] The previous government's imports created an extremely large deficit in the current account that was a risk for the future economy, and Mexico has proved us right.

Unfortunately, the economy was being taken down the same path that Mexico took.

The two policies that led that country into a crisis were being followed to the letter in Colombia under the previous government.

They used the rate of exchange to lower inflation, a policy of revaluation they always denied, but that was obvious.

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In addition, the opening to an inflow of capital was premature. Nearly $1.7 billion a year was coming in, which is what put the most pressure on the revaluation.

[Lopera, Mejia Mazuera] Why have you so far only defended yourself from the criticisms and questioned previous policy?

[Perry] We did not want to close accounts for two reasons: We were coming into power and it was up to us to make the shift. Furthermore, our style is very different.

We recognize that there were structural reforms under the Gaviria Administration. I always said that that government had left us an important legacy, but it also left some very complicated short-term problems.

After so much floundering, we had to start to put things in order.

The case of social security is pathetic. Shut up in his office, a minister of health (Juan Luis Londono) issued 38 orders one after the other, without consulting anyone, and writing a bunch of nonsense.

[Lopera, Mejia Mazuera] What is your opinion of the challenge issued to the economic management of this government?

[Perry] They have made false interpretations and inaccurate statements about the administration of the economy and social security. I believe that that shows a lack of solidarity.

[Lopera, Mejia Mazuera] Why should the previous government show solidarity for you?

[Perry] Because they are defending the country's interests and our international image. Clarifications must be made.

[Lopera, Mejia Mazuera] Do you think the criticisms result more from vanity than from any interest in contributing to the discussion?

[Perry] No, perhaps because government is a lonely business.

[Lopera, Mejia Mazuera] But you also criticized during the past government.

[Perry] If you look at my columns, you will see that they were more constructive. I emphasized what was good and bad.

[Lopera, Mejia Mazuera] Which is easier: criticizing or executing?

[Perry] It is much easier to criticize.

[Lopera, Mejia Mazuera] Speaking of differences, what would you say to Rudolf Hommes?

[Perry] To be more balanced.

[Lopera, Mejia Mazuera] Does the government disagree with the plan to have the Central Bank board of directors as an independent entity?

[Perry] No. We were accused of not being friends of the Bank's autonomy and that is false. Our position at the Constituent [Assembly] was always positive with respect to the Bank's autonomy as a monetary authority.

We had misgivings about turning over control of the exchange rate to the board, but that took place based on the mandate on the coordination of policy because we noted that it was dangerous to hand over so many instruments to an autonomous bank and leave it as a loose cannon.

Since the campaign, President Samper said he favored autonomy of the Bank. We have never challenged it.

[Lopera, Mejia Mazuera] Then why is the government stating the need to reform the law on the Central Bank?

[Perry] We defend the Bank's autonomy. Since the Constitution contains other objectives in addition to controlling inflation, it is fundamental for the country and that is what we want to defend.

What was done in the law is very dangerous. An institution with such power, the Central Bank, was ordered to lower inflation at any cost.

Nevertheless, the Constitution was very clear and gave the government other objectives such as employment and social rights. That is why we believe the law on the Bank must be modified.

[Lopera, Mejia Mazuera] But the reform proposal has been interpreted as revenge on the Board.

[Perry] Everyone has his own interpretation. Every agreement implies a commitment and none of the participants can manage to have the agreement totally reflect his view of the problem. If that were so, there would be no agreement. It would be an imposition. The government would have preferred a smaller cut.

[Lopera, Mejia Mazuera] What the government proposes is that the Bank of the Republic should not deal exclusively with inflation, but also look at other economic goals. Does that not imply taking away some of the Bank board's independence?

[Perry] Absolutely not, because the Constitution gave the instruments to the Bank, along with the objectives. What has happened is that the law interpreted these objectives very narrowly.

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That legal mandate is even ridiculous. Excuse me for saying that that has not occurred to any country in the world.

It is possible right now to lower inflation every year because our inflation right now is around 22 percent, but what will the priority be when we get to 5 percent?

[Lopera, Mejia Mazuera] The board has many enemies in Congress. Are you not afraid that in proposing a reform of the Central Bank law, the way may be laid for undermining its autonomy?

[Perry] When the government works together with Congress, very good laws are passed. For example, past legislation included a law of enormous importance: the oil stabilization law. I challenge any person to look at a law of enormous sophistication with respect to economic management, great responsibility, and a law in which the bill presented by the government was approved by Congress.

[Lopera, Mejia Mazuera] But is a bill the way to achieve more flexibility so that something will be produced?

[Perry] No, not at all. One cannot be afraid of discussion or democracy. We have confidence in the clarity of our arguments, so that this bill will come out well. We believe in the seriousness of Congress' economic committees. The government's intention must not be distorted. We are not going to promote things against the Bank's autonomy or independence.

[Lopera, Mejia Mazuera] Do you favor having the minister of finance leave the board?

[Perry] That would take a constitutional reform.

[Lopera, Mejia Mazuera] Do you believe we can go on telling the country we are moving toward inflation of 18 percent?

[Perry] There is a clear downward trend in the inflation rate. The country is moving toward a continuing decline in inflation rates. An enormous effort has been made by the board, the government, and all the sectors of the social pact. We must continue to try, even if we have had difficulties.

We are not doing as well as we had hoped on inflation, but we have made progress. The effect of the monetary policies will be felt during the second half of the year. We shall have a rate of about 18 percent.

[Lopera, Mejia Mazuera] How is the balance sheet of the first year of the Samper Government?

[Perry] The balance sheet is quite good for the economy. If we look at recent months, growth has improved since the government took office. From an estimated 5 percent for last year, it went to 5.7 percent, which was the final result.

This year, things are going well. Based on the statistics available, industrial production has risen by 5.4 percent and sales have increased over 6 percent.

[Lopera, Mejia Mazuera] But the exaggerated rise in interest rates is already having an irreversible effect on the economy.

[Perry] There were a few small symptoms of a slowdown. However, now that the agreement has been made with the Bank of the Republic that caused interest rates to drop, I am convinced that the year will end with growth of 5 or 5.5 percent. The initial projection was 6 percent. In other words, the impact of the rates will be only a half point of the gross domestic product.

There is no reason to think the situation will change. There are waves of pessimism in the country, followed by waves of euphoria. We got off to a good start and in May and June, but exaggerated pessimism set in, and that can cause great harm. However, we have already negotiated the most difficult shoals.

Armando Sarmiento on Sentencing Policy

95CA0301A Santa Fe de Bogota EL TIEMPO in Spanish 2 Jul 95 p 19A

[Interview with National Director of Prosecutors Armando Sarmiento by EL TIEMPO Legal Editor Edgar Torres: "We Shall Ask for Maximum Penalties"]

[Text] A few months ago, the national director of prosecutor generals, Armando Sarmiento, was forced to literally shove out of his office an old friend who had shown up saying, "You and the prosecutor can have anything you want."

Although mortified by the incident, which had him in a bad mood for days, the truth did not surprise him. A few weeks previously, an attorney who had come by himself left the office after throwing out a personal observation: "Sometimes a bribe works better than bombs or war."

"In war," Sarmiento managed to answer back at an event staged as a warning that the Office of Prosecutor General has no intention of giving up the legal battle against the cartels, "there are always casualties on both sides."

That position, which is principally that taken by top-ranking officials in the Prosecutor General's Office (in the words of the prosecutor: "the eradication of drug trafficking in Colombia by penalties in keeping with the social harm done") put Sarmiento right at the heart of the controversy this week with the attorneys for the

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Rodriguez Orejuela brothers, Phanor Arizabaleta and "Pacho" Herrera.

The reason? "Quite simply, because I am not going to treat a person who has broken the law for 20 years, committing a wide range of crimes, as if he were a mere chicken thief."

In an interview with EL TIEMPO, Sarmiento answered these and other questions about what the cartel is after.

[Torres] The cartel's attorneys are all rushing to the microphones saying there is a boycott of their clients' surrender. Why is this so?

[Sarmiento] We agree with the policy of surrender and are gratified to see that defendants and the accused are turning themselves over to the authorities. What they cannot make us do, in our attempt to obtain such surrenders, is violate the law. Surrendering to justice cannot in itself automatically bring about a reduced sentence. It must be examined in the light of effective cooperation. The law says the prosecutor "may grant benefits," which implies discretionality.

It is something quite different when self-righteous sensationalism is deliberately created around this interpretation in an attempt to present it as a sudden hardening of the Office of Prosecutor General. That is not how it is. Written criteria were sent to the prosecutors in advance and the defendants' attorneys are familiar with them.

Now "yes men" for the cartel's attorneys are surfacing saying the prosecutor is prejudiced.

[Torres] Could one then say that the final message to the cartel and its lawyers is that the Office of Prosecutor General will not accept rigged surrenders?

[Sarmiento] What I am telling you is this: If someone comes before the courts to try to hobble justice and lie to the prosecutor in order to deny his culpability or participation in acts which the Office of Prosecutor General has demonstrated, can one validly say this individual is cooperating with the administration of justice? That is absurd! The granting of any leniency is subject to the importance which such a benefit might have for the proper conduct of an investigation, the elucidation of certain facts, and the individualization of responsibility.

[Torres] Is the fuss made by the lawyers and the messages to Miguel Rodriguez telling him not to surrender "because the legal conditions do not exist" not an attempt at blackmail?

[Sarmiento] I do not understand the advice being given to those involved not to surrender. They know that due process will be respected and a decent place of imprisonment provided. We have made that pledge, in accordance with the policy of the Ministry of Justice.

The country knows that Alfonso Valdivieso has always acted with transparency, and I do not think it will swallow the idea of blackmail that they are trying to convey. They cannot force us to grant reductions in sentences which do not in the first place meet the requirements contained in the criteria for granting such reductions, and second, whose sole purpose is to help the attorneys obtain derisory sentences for their clients.

[Torres] But will the sentences not just end up being laughable?

[Sarmiento] Certain officials thought it was unwise on my part to speak about sentences, numbers, and a Pyrrhic victory. That is a matter I proposed to the prosecutor after Gilberto Rodriguez was captured and before he was made to appear before the public. I do not think it is fair to those of us in the Office of Prosecutor General to fire up the country's imagination and give people the erroneous idea that these individuals might spend 50 or 60 years in prison when we shall be forced to apply legislation passed in 1986 reducing the terms and saying, in effect, that if the penalties are reduced, at most we may impose sentences of 13 years. Nor does this count time subtracted for work or study or account for the possibility that these people could go off and bring in the Pope again.

Another quite different aspect is that to the absurd mildness of the measures themselves, they are now scheming to add a number of other benefits. We are not willing to do that.

[Torres] Some wonder what purpose is served by having a defendant confess to 15 years of drug trafficking without informing on anyone in his organization.

[Sarmiento] The confession contemplated in Articles 296 and 299 of the Code of Procedure requires no informing or any assignment of responsibilities. That is based on the presumption of individual acceptance of the crime. What it says is that if someone confesses, the judge will grant a reduction amounting to one-sixth, and the Office of Prosecutor General respects that.

The only purpose this serves for the courts is that it allows us to assign responsibility to that specific individual. That is the scope of the confession. Effective cooperation with the courts is another area. The latter requires that information be supplied making it possible to discover an entire organization and dismantle it. Thus we see that even within the realm of cooperation, it is not enough to have the presentation or confession, and that there are different levels used to evaluate the degree of cooperation with justice.

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[Torres] Attorneys for the Rodriguez brothers have dropped more than one bomb of late. One of them is that Drogas La Rebaja does not belong to Gilberto Rodriguez, but to his children, insinuating, in other words, that it is virtually a legal chain. What is the Office of Prosecutor General going to do about the cartels' property?

[Sarmiento] Concerning Drogas La Rebaja, a process is already underway involving the issuance of arrest warrants and evaluations based on economic and accounting considerations. It is a very costly process. It is a matter of establishing a connection between existing property, which appears to be legal and lawful, and its origin, which one indeed perceives as illicit.

This is perhaps the most difficult and complex task facing the Office of Prosecutor General at the present time: establishing such a connection, because our regulations are not very clear with respect to property. We are always behind with these things! We do have a law on the books punishing money laundering. We had been making do with Order 1895 regulating illegal enrichment and serving as a privateering patent for illegal property acquired before 20 August 1989, the date the law was issued. The country needs to know that we are working on that issue.

[Torres] Prosecutor General Sarmiento, is "File 8000" a kind of incipient Operation Clean Hands in Colombia?

[Sarmiento] No longer can there be any doubt in our country about the connection between drug money and political activities. What we do not want to do is unleash a witch hunt or spread any such idea because it would be extremely dangerous. Dishonest people hide behind generalizations and honest people are tarnished. One cannot validly say that the entire political class of the nation is tainted by these evils.

Nevertheless, when we took over the Office of Prosecutor General with Alfonso Valdivieso and Adolfo Salamanca, one of the first conclusions reached was that the country was stuck in a terrible ethical lethargy as a result of the subculture of drug trafficking. The architect would do his best to have the trafficker hire him to design his house; the doctor hoped against hope that the trafficker and his family would fall sick; and, above all, the lawyer dreamed that a drug trafficker will come to him as a client because it would be the deal of his life.

The country stood idly by, without lifting a finger. What have we done? Simply try to awaken the country. We believe that we must return to the values of our forefathers, with respect for truth, the law, and honesty.

[Torres] Is that not an excessively philosophical goal given the cases filed with the courts?

[Sarmiento] We sent the Supreme Court a list, along with certain documents found in raids in the city of Cali, because the behavior represented in the documents was not invented by the Prosecutor's Office. We see it as unethical at best, and the country has to know that.

[Torres] But precisely what does illegal enrichment mean?

[Sarmiento] Illegal enrichment means accumulating assets by illegal means. Some may claim that there is no increase in assets when someone pays a hotel bill for me amounting to 500,000 pesos, but I must say that indeed there is! My holdings do not increase only if they put the 500,000 pesos in my pocket. That is our legal position. It may be questionable.

Now then, we cannot be judged for telling the country that its leaders were receiving favors from the Cali cartel and from persons against whom legal proceedings are pending for drug trafficking. What the Office of Prosecutor General has not done is generalize.

[Torres] In other words, what Father Hoyos did was simply an enormously rash act?

[Sarmiento] I do not judge the conduct of Father Hoyos. We summoned him to make a deposition under oath and he appeared. The prosecutors are evaluating that deposition. What one can deduce from the public acts of Father Hoyos is that he corroborates the argument of the Office of Prosecutor General that there may have been drug money in the campaigns.

[Torres] Many wonder whether the Office of Prosecutor General will pursue this process to the very end or whether the investigation will go no further than to say there may have been money in the campaigns, without learning any more.

[Sarmiento] Some investigations do not depend on us, but on the opinion of the Supreme Court of Justice, which has the last word on criminal matters in this country.

Concerning the proceedings that are within our competency, we are optimistic that they will lead to results that truly reflect reality. We are afer the truth, and that is our aim if they let us find it.

[Torres] Who might not let you?

[Sarmiento] They may not let us.

[Torres] But who?

[Sarmiento] Those with a vested interest in keeping us from getting to it.

[Torres] What demands has Gilberto Rodriguez made?

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[Sarmiento] Decent conditions in prison.

[Torres] What does "decent" mean for him? A "little Cathedral" [reference to prison]?

[Sarmiento] He never came and arrogantly asked for sumptuous conditions. He says he is not a man of luxury. He asked that a certain kind of blankets be brought because he says he is allergic to wool.

[Torres] Does that guarantee that he will not be in another Cathedral?

[Sarmiento] I believe that what Colonel Norberto Pelaez, director of INPEC, told us is very reliable. Based on the information available to him, he said that this country has three top-security prisons where there is no possibility of excesses. They are: La Picota, Palmira and Itagui.

[Torres] What are Miguel Rodriguez' attorneys trying to get?

[Sarmiento] On Wednesday, they proposed the surrender of Miguel Rodriguez, "Pacho" Herrera and Phanor Arizabaleta Arizabaleta. They told me, "We are clearly demanding two things: a safe prison in Palmira and a change in the Office of Prosecutor General's position on maximum penalties." I told them that the former does not depend solely on me, but that the requests could conceivably have some possibility of success because I know the position of INPEC and the Ministry of Justice.

With respect to the second condition, I explained to them that I will not talk about a surrender under that basis.

[Torres] But what do you mean about Prosecutor General's Office changing its position on maximum sentences?

[Sarmiento] They maintain that by starting with the maximum, 24 years, we are stiffening the policy of surrender, which impedes surrenders. I explained to Juan Fernandez that we are not talking about chicken thieves. In the case of someone who confesses to engaging in organized crime such as drug trafficking for 20 or 25 years, we cannot seek anything but the maximum.

Moreover, that is what the Prosecutor General's Office will ask the judges for: maximum penalties and minimum reductions, which is the point on which they claim the Prosecutor General's Office is obstructing surrender.

Then, confronted with a position that is an overall policy, they come out and say the prosecutor is prejudiced and try to discredit us. That is ridiculous. Thinking logically, they should not be cynical, but realistic.

If what they want is for us to say that an individual can break the law for 20 years, committing a wide range of crimes, get outrageously rich, and then expect us to apply pitifully light sentences, we simply won't swallow it.

[Box, p 19A]

"No Mockery of Justice"

Prosecutor General Alfonso Valdivieso Sarmiento observed yesterday that, confronted with the possible surrender of persons sought by Justice, "the important thing is that there be no mockery of justice."

"Sentences must be proportionate to the seriousness of the social harm done by such grave crimes and accordingly, we shall never permit judicial decisions to turn into a mockery of society and justice."

Valdivieso Sarmiento said it must be stated emphatically that the aim of justice and of all Colombians must be to eradicate drug trafficking because Colombia has to overcome this tragedy once and for all."

The prosecutor rejected recent statements made by Juan Fernandez Carrasquilla and other attorneys for the Cali cartel concerning an alleged lack of guarantees for the surrender of their clients.

"That is another attempt to discredit me. I emphatically reject a biased attitude in that sense because justice is deserving of respect."

In Valdivieso's opinion, "the surrender proceedings and prosecutorial action undertaken by state security agencies must convince all Colombians that the only alternative to the eradication of drugs from Colombian society is to put an end to it."

Ecuador

Duran-Ballen Not To Attend Fujimori's Inauguration

PA2107173595 Quito Voz de los Andes in Spanish 1700 GMT 18 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Quito — Ecuadoran Foreign Minister Galo Leoro Franco has reported that President Sixto Duran-Ballen will not travel to Lima to attend Peruvian President Alberto Fujimori's inauguration. The Ecuadoran Foreign Ministry is considering who will be a part of the delegation that will attend the ceremony, scheduled for 28 July. Leoro also said that no date has been set for the guarantor countries to meet again to discuss Upper Cenepa's demilitarization.

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It has also been reported that Duran-Ballen has postponed his planned visit tomorrow to Caraquez Bay, where he will stay until he completes his state of the nation address that he will deliver on 10 August.

President Views Congress' Rejection of Reforms

PA2407011895 Quito Voz de los Andes in Spanish 1230 GMT 23 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Bahia de Caraquez — President Sixto Duran-Ballen opted not to comment on Congress' rejection of his proposals for reforms to the state's political constitution and those dealing with social security, judicial functions, economic sector, and public employees' right to organize labor unions.

Nevertheless, the president said that, for the sake of the country, he still harbors hopes the situation will change before he is sent the text of reforms approved by parliament. During a break in his work sessions, the president said: I will not give my opinion on the reforms until I receive the final text. If so many changes have occurred in recent days, how can I know what is in the final text? The last thing you lose is hope, and I will harbor hope for the country's sake.

He is preparing his penultimate address to the nation, which is scheduled for 10 August at the National Congress.

Duran-Ballen said the latest resolutions and events, which have occurred at the National Congress, and the rejection that these have earned from the general population, are something that should prompt the deputies to meditate. We have been reviewing the constitutional reforms for a year, and 11 months have passed since the first six or seven questions were approved on 28 August 1994.

This was supposed to be a quick process, more or less, but it has not been so, and that has disappointed the people, the president commented in Bahia de Caraquez.

Duran-Ballen's Popularity Reportedly Declining

PA2207122095 Quito Voz de los Andes in Spanish 2300 GMT 21 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] With only 12 months left in office, President Sixto Duran-Ballen appears to be confronting the worst year of his administration with the constant threat of strikes and the possible impeachment of Vice President Alberto Dahik.

After beginning the year with an armed conflict with Peru, Duran-Ballen seems to have lost the overwhelming popular support he enjoyed during the darkest hours of the dispute, and his government is now the preferred target of the opposition and most unions.

This week the opposition deputies, who control Congress, formally requested the impeachment of Vice President Dahik, who is considered the author and main supporter of the government's market reform program.

Several deputies said chances are slim that Dahik will be able to save himself from a humiliating impeachment.

In addition, several observers indicated that the vice president's impeachment could deal a mortal blow to the reform program and drive the country straight into an era of economic instability.

Poll: Population Believes Dahik Makes 'Real Decisions'

PA2207161795 Quito Voz de los Andes in Spanish 2300 GMT 21 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The findings of a recent poll made public by the local press indicates that nearly 57 percent of all Ecuadorans polled believe that Vice President Alberto Dahik is the one who makes decisions in the Sixto Duran-Ballen administration, even if the president does the signing.

According to the Perfiles y Tendencias poll, 64 percent of all Quito residents, and 52 percent of all Quayaquil residents, believe that Duran-Ballen is the one who signs off, but that the real decisions are made by Alberto Dahik.

On the other hand, 32 percent of all Ecuadorans polled, 28 percent in Quito, and 35 in Quayaquil, contend that decisions are made jointly by the president and vice president.

Nevertheless, the poll also reveals that Alberto Dahik's image will continue to decline during the month because of the corruption scandal that has broken out around him, and has even prompted calls for an impeachment trial against the vice president.

Government Prepared To Discuss Buffer Zone

PA2107173895 Quito Voz de los Andes in Spanish 1700 GMT 18 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco has said that government authorities are prepared and waiting for the guarantor countries' invitation to the new meeting in Itamaraty, where the

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discussion of the buffer zone between Ecuador and Peru will be resumed. The minister said: So far, no invitation has been extended, but I understand that these countries wish this meeting to be held as soon as possible because it is in the interest of the two countries.

The counterproposal to be drafted by Ecuador will have to be discussed with the Ecuador-Peru Military Observers Mission because the counterproposal deals with the buffer zone.

Government Prepares To Pay Service on Foreign Debt

PA2407025095 Quito Voz de los Andes in Spanish 1230 GMR 23 Jul 95

[FBIS Translated Text] Monetary Board President Ana Lucia Armijos said Ecuador will pay the first $260 million of the service on the foreign debt by January 1996. The first disbursement, $130 million, will be made in mid-August and the remaining $130 million will be paid in January 1996. This way the government will complete the first portion of 1995 interest, according to a foreign debt renegotiation agreement signed in Madrid in October 1994.

Out of this total, $232 million correspond to the debt with banks and $29 million correspond to obligations with other creditors. Starting in 1996, the foreign debt service will progressively increase until it reaches the $356-million figure in 2000. The foreign debt service will total $283 million next year.

Paraguay

Foreign Minister on Chilean, Bolivian Mercosur Entry

PY2107160395 Asuncion ABC COLOR in Spanish 21 Jul 95 p 12

[FBIS Translated Text] Paraguayan Foreign Minister Luis Ramirez Boettner yesterday hinted that Bolivia and Chile will not become members of Mercosur [Common Market of the South] in spite of the unfailing presence of their presidents and foreign ministers at Mercosur presidential summits. The next Mercosur presidential summit is scheduled for 5 August in Asuncion.

The Paraguayan foreign minister noted that, following a proposal raised at the Miami summit, Mercosur would rather negotiate with Bolivia and Chile on the establishment of free trade zones.

Ramirez Boettner said Bolivia, which still is a member of the Andean Pact, cannot join Mercosur without leaving the Andean Pact.

Meanwhile, Chile is in a more advanced process, involving direct negotiations with NAFTA partners (Canada, the United States, and Mexico), a privileged situation that not even Mercosur has achieved.

The oft-repeated question — forced, and apparently more sentimental than practical — that journalists asked the presidents and foreign ministers before and during Mercosur presidential summits, is when will Bolivia and Chile join the regional bloc.

Given the upcoming presidential summit on 4 and 5 August in Asuncion, the issue has reappeared. Foreign Minister Ramirez Boettner was skeptical yesterday. He said he hopes for true integration, but involving all the Americas in keeping with a proposal raised at the Miami summit in December. This proposal involves deregulating trade from Alaska to Tierra del Fuego.

Foreign Minister Ramirez Boettner gave some details, suggesting that Bolivia and Chile will not become full Mercosur partners like Paraguay, Argentina, Brazil, and Uruguay.

Ramirez Boettner noted that a Bolivian delegation visited our capital on 18 July, carrying a proposal to negotiate an agreement "on deregulating trade between Mercosur and Bolivia."

In a nutshell, the upcoming summit will not discuss Bolivia's entry into Mercosur, but specifically the establishment of free trade zones that subsequently could include the Andean Pact.

The situation with Chile is similar, even though Chile is not a member of any bloc.

The minister emphasized: "This does not mean Mercosur will disappear: Quite the contrary, Mercosur will continue to operate with increasing cohesion."

President Reappoints Interior Minister

PY2107170895 Asuncion ABC COLOR in Spanish 21 Jul 95 p 10

[FBIS Translated Text] The executive branch has decided to reinstall Carlos Podesta as interior minister. President Juan Carlos Wasmosy on 20 July signed Decree 9789, which states that the Colorado Party leader is no longer a "minister on leave."

Podesta requested leave some months ago when he became involved in a corruption case related to the Central Bank. On that occasion Podesta said he was leaving the ministry in order to face any trial in a private capacity and completely free of the responsibility and obligations that the post imposes.

Podesta was involved in the trial due to documentation that was found at the residence of Atilio Buzo. These documents involved him in some irregular financial

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operations. The Appeals Court decided to reject the charges against him and this is why the president decided to reconfirm him in his post.

In the same decree, Wasmosy also thanked Interior Vice Minister Mario Vidal Berdejo for the services rendered while the minister was away.

On 20 July, Atilio R. Fernandez was named political adviser to the president. Hew replaces the now deceased Colorado Party leader Juan Ramon Chaves.

The executive branch's decision was considered opportune by some sectors linked to the official sector of the Colorado Party, because this will oblige Fernandez' sector of the party to support the candidacy of [Vice President] Angel Roberto Seifart for the presidency of the Government Junta [of the party]. Fernandez has been in contact with Blas N. Riquelme to discuss the union of their two sectors.

Peru

Amendment to Ecuador's Demilitarized Zone Plan Proposed

PY2107181295 Madrid EFE in Spanish 0932 GMT 21 Jul 95

[FBIS Translated Excerpt] Lima, 21 Jul (EFE) — Peru does not reject the Ecuadoran proposal for a demilitarized zone on the border but it proposes an amendment that it will submit to the mission of observers of the guarantor countries of the 1942 Rio de Janeiro Protocol, establishing the borderline between the two countries.

Lima's stance regarding Quito's proposal was revealed on 20 July by official sources quoted by the media after a meeting of the National Defense Council [CND] led by President Alberto Fujimori.

The CND comprises ministers, among them the defense and interior ministers, and high ranking Armed Forces officials. It met on 20 July to assess the Ecuadoran counterproposal.

Official sources quoted by the Peruvian "ANDINA" press agency stated that during the three-hour meeting, the CND drafted a proposal on the demilitarized zone that modifies the Ecuadoran proposal.

Other sectors of the media, which base their information on reliable sources, stated that during the meeting a new proposal modifying the Ecuadoran counterproposal was drafted.

ANDINA reports that the Ecuadoran proposal was regarded by official sources as being more balanced from "the strategic and military viewpoint."

It adds that the new government stance "does not reject" the Ecuadoran proposal to the Mission of Military Observers for Ecuador and Peru (MOMEP) because "Peru is interested in an immediate agreement and in definitely solving the border conflict."

The reports state that the Ecuadoran Government proposed a demilitarized zone in the form of a trapezium, that has been modified by Peru into an alternative proposal. The contents of the Peruvian amendment, however, have not been revealed.

Other media sources reported that Peru has submitted a new proposal modifying the one submitted by Ecuador.

They agreed that Lima decided not to reject the counterproposal as a sign of Peru's willingness to solve the problem within the peace seeking process between the two countries.

The Peruvian proposal should be submitted to the mission of observers of the guarantor countries (Argentina, Brazil, Chile, and the United States) at any time.

The document with the Peruvian proposal should be submitted to the MOMEP by the local liaison officer Daniel More Zevallos.

The Ecuadoran offer was submitted to the observers mission on 15 July and was received by the Peruvian Government three days later.

The MOMEP should inform Ecuador about Peru's new proposal so that Ecuador, in turn, [words indistinct] that it was approved by the Peruvian Government. [passage omitted]

General Vidal Appointed Police Chief of Staff

PY2107040195 Lima EL COMERCIO in Spanish 12 Jul 95 p A11

[FBIS Translated Text] The appointment of General Ketin Vidal as chief of staff of the PNP [Peruvian National Police] marked the end of a tense waiting period that became more intense in the last few days after Gen. Jose Zuta Valqui, who was holding that position, went into retirement.

There has been a great deal of speculation about Vidal, the youngest lieutenant general in the PNP, who became internationally known for capturing Abimael Guzman Reynoso, aka "Gonzalo."

The government resolution appointing Vidal put an end to the speculation.

But Ketin Vidal, as he is known by the people, was not only appointed by the president as chief of staff of the PNP; he also retains his job as police inspector general.

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These are the two highest police positions after the PNP director general.

As PNP chief of staff, which is the most important advisory organization of the police high command, Gen. Vidal will now be able to make proposals to improve the institution, to make the police units more effective, to instill morality in the police, and to do other important things that are taken into account by the director general.

Also, Ketin Vidal, as inspector general responsible for investigating and instilling morality in the PNP, will continue to be in charge of the most serious investigations of crimes committed by high-ranking members of the police and of clearing up the well-known cases that raised doubts about the conduct of the PNP.

Some sources said this is a good signal because several police generals were identified by the inspector general as elements who violated institutional regulations and discipline. Therefore, it is taken for granted that the inspector general will continue in the same vein.

Gen. Ketin Vidal received the "honor award" when he graduated from the Officers School of the ex-Police Investigative Department.

He made an excellent career by becoming outstanding in intelligence work. When he headed the Dincote [National Counterterrorism Directorate], he strengthened the intelligence units, and this is how he was able to capture Abimael Guzman.

Other changes were also made after Gen. Vidal was appointed PNP chief of staff. Gen. Javier Ruiz Villacorta, who was PNP deputy chief of staff, is the new deputy chief of the PNP Inspector General's Office.

Gen. Walter Taboada Milla, former chief of the National Antidrug Directorate, is the new deputy chief of staff of the PNP.

Air Force Shoots Down Colombian Plane

PA2207223495 Mexico City NOTIMEX in Spanish 2105 GMT 22 Jul 95

[FBIS Translated Text] Lima, 22 Jul (NOTIMEX) — The afternoon of 21 July, the Peruvian Air Force (FAP) shot down a small Colombian airplane reportedly flown by drug traffickers who disobeyed the order to land, this military organization announced today.

Intercepting aircraft shot "nonvital parts" of the small Cessna airplane after its crew members ignored the order to identify themselves, and the aircraft fell in a forest area, approximately 860 km northeast of Lima.

According to the official information, the FAP airplanes were guided to the small Colombian airplane by a U.S. radar airplane that cooperates with Peruvian authorities in the struggle against drug trafficking.

Peru is the world's leading cocaine exporter, and countless clandestine coca plantations exist in its thick jungle.

Correction to Details of Dismantling Shining Path

PY1907160895

The following correction pertains to the item headlined "Further Details Provided on Shining Path," published in the 18 July edition of the Latin America DAILY REPORT, pages 51-52:

Page 51, column two, paragraph fifteen, only sentence, make read: ...launchers, and submachine guns, and raids defenseless villages to obtain food... (supplying dropped words and rewording for clarity)

Uruguay

Political Parties Agree on Single Presidential Candidate

PY2107164995 Buenos Aires TELAM in Spanish 2140 GMT 20 Jul 95

[Report by unidentified correspondent]

[FBIS Translated Excerpt] Montevideo, 20 Jul (TELAM-SNI) — The four Uruguayan political parties that have congressional representation agreed to establish a single presidential candidate for each party for the 1999 elections as part of the constitutional reform that these parties want approved before the end of the year.

During a meeting at the Esteves Palace — the former Government House — yesterday, representatives of the Colorado Party, the National Party, the Progressive Party, and the New Sector Coalition who are negotiating the constitutional reform, overcame the main bottleneck in their talks to reform the Constitution.

They also achieved a preliminary agreement to establish a "ballotage" or run-off election between the two presidential candidates who receive most votes in the elections if neither of them receives 50 percent of total votes. [passage omitted]

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Venezuela

Congress Approves Shared Profits for Oil Exploration

PA2307015395 Caracas Venezolana de Television Network in Spanish 1550 GMT 20 Jul 95

[Report by Melisa Soto from "The News" newscast]

[FBIS Translated Text] During a joint session of the two chambers on 4 July, Congress approved a system of shared profits for the exploration and exploitation of crude oil. This process will bring about a substantial expansion of the Venezuelan oil industry. To this end, the Venezuelan Petroleum Corporation [CVP] was reactivated.

The CVP will be in charge of supervising specific tasks within the framework of this opening, because Venezuela has the prospect of finding 40 billion barrels of oil:

[Begin Luis Giusti, Venezuelan Petroleum Inc. president, recording] Companies forming associations for this purpose will have the liberty of handling their own currency, generating funds in the exterior, repatriating currency, and remitting capital. These companies will only be obligated to convert their currency into bolivares through the various Central Bank of Venezuela mechanisms for expenses and payments they make in Venezuela, including income tax. [end recording]

This system of shared profits gives private companies the exploration risks for 10 new areas; that is, two located in the west, two in the central region, and five in the eastern parts of the country, for a total of 18,000 sq km, in which there is a possibility of finding 7 billion barrels of crude. [all figures as heard]

The exploratory period will vary from three to five years. If an oil deposit is found, a joint venture company will be established in which the private company will have a 65 percent share, with PDVSA [Venezuelan Petroleum Inc.] the remaining 35 percent, but the state will maintain control:

[Begin PDVSA Explorations Coordinator Juan Zsabo recording] A control committee consisting of four representatives will be established, two from the private sector and two from the government sector. The government—that is, the CVP—will choose the president of the control commission, and he will have two votes in order to be able to break any tie. [end recording]

PDVSA representatives today will make the first presentation to international and national companies present in Venezuela. The process of bidding and receiving a document will be initiated in this way. Next they will travel to London and New York, where they will try to lure the most important oil investors in the world.

Opening of Oil Industry Involves 10 Regions

PA2307040295 Caracas EL UNIVERSAL in Spanish 20 Jul 95 Section 2 p 4

[Report by C.R. Chavez — quotations marks as published]

[FBIS Translated Text] During a news conference yesterday, Luis Guisti, Juan Szabo, and Strategic Planning Coordinator Ronaldo Pantin disclosed information on specific points of the petroleum opening program and the 10 new regions for which there will be a public bid once Congress has authorized it.

Afterward, Giusti got down to business: "With this opening, we are about to cross the threshold to the consolidation of the Venezuelan petroleum industry and to pave new roads that will lead to a true profile of the nationalization of the industry.

Juan Szabo, PDVSA [Venezuelan Petroleum Inc.] exploration and production coordinator, said the process involves 10 regions throughout the country: two in the west, three in the center, and five in the east, all of which encompass a total area of 18,000 square km. Later, Szabo, in response to questions from reporters, said "there are 300,000 km of sedimentary basins throughout the country that may contain sand oil, and we are referring specifically to 18,000 km."

He added that the PDVSA had decided to reactivate the CVP (Venezuelan Petroleum Corporation) in order for it to operate as the "special purpose subsidiary" incorporated in the guidelines from Congress. The CVP will be responsible for signing all agreements with those corporations or firms awarded concession bids. However, the CVP will not have the same structure it has had since the 1960's, when it was created to explore, produce, and market crude oil. Its main purpose now will be to devise specific objectives as established by the Mines and Energy Ministry and the PDVSA.

Furthermore, Szabo explained details about the time periods that will be granted (four years renewable to nine for the exploration phase and 20 years renewable to 30 for the production phase).

Regarding the tax system to be applied to these mixed firms which will be participating in the exploration risk phase, Szabo said the tax rate that will be applied to net revenues obtained by these firms will be 67 percent of the income tax and 16.2 percent over royalties once oil has been detected in marketable volumes and

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production begins. The so-called stability bond [bono de estabilidad] will be deducted from the net profits over which income tax will have to be paid based on 50 percent for the state and 50 percent for the firm, whenever revenues originate in the best case, from the quality of crude produced and sold and the price at which it is sold.

Of course, income tax will be paid by the joint venture company based on the amount of capital invested; that is, 65 percent by private industry and 45 percent by the PDVSA affiliate.

The Handling of Investor's Funds

Giusti was asked about the situation foreign companies will face in handling their funds because of the country's existing currency exchange controls. Giusti replied that Article No. 47 of the new Currency Exchange Law is clear on that issue. Foreign companies participating in the opening of the oil industry proposal will be entirely free to handle their funds, using bolivares only to pay internal expenses (salaries, purchases, etc.) in Venezuela.

Giusti clarified the doubts of some reporters regarding whether at a given moment, "as could happen with CANTV [National Telephone Company of Venezuela], the contracts could be canceled by presidential decree. Giusti said "these contracts are regulated by the laws regulating commerce. In addition, everything pertaining to the oil business is regulated by an organic law that may only be amended by Congress; that is, no decree can change the legal status of this business.

In response to other questions, the PDVSA president said:

"We have said there is a probability of oil accumulation of 45 billion barrels in these areas, but no one can be certain until he drills. When we speak of 7 billion barrels, we are talking about the minimum findings possible.

"True, Venezuela is in a crisis. Venezuela has impediments, but it also has leverage. Its main lever is the oil industry. I gave a conference in Houston two months ago during there were so many people interested in the Venezuelan proposal that everyone did not fit in the conference room. We are going to Houston again on 24 July where we will specifically present this proposal. We will also go to London to present the proposal to interested European companies. We will also present the proposal to the financial sector in New York. In New York, we are going to present detailed information on the areas involved and the proposal, in general, to representatives of interested companies on 21 July.

We know that in addition to U.S., Canadian, and European companies, representatives of five Latin American and 11 Far East companies will attend the meeting.

In conclusion, the oil industry's three top executives who gave the news conference said the estimated $50 billion Venezuela will receive in the next 20 years is the total income the country will receive for sales generated in the area of the petroleum opening program, not the total that will be paid to the national treasury during those 20 years.

Officials View Iran's Participation in Energy Conference

LD2007131195 Tehran IRNA in English 1211 GMT 20 Jul 95

[FBIS Transcribed Text] Tehran, July 20, IRNA — Iranian Oil Minister Gholam Reza Aqazadeh[-Khoi] is expected to attend an important international conference on energy due to be held in Caracas, Venezuela.

A senior Venezuelan official, Gonzalo Plaza who is also the representative of Venezuela in OPEC, told TEHRAN TIMES in an interview that Iran's participation in the energy conference is important.

Plaza and Venezuela's Ministry of Energy and Mines executive assistant, Heliodoro Qintero, arrived in Tehran to meet with Iranian officials in the Oil Ministry and Foreign Ministry.

Plaza said the 3-day conference is expected to start on September 24 and will be attended by OPEC and non-OPEC oil producers and representatives of major energy consumers.

Plaza added "the conference will provide all the necessary grounds for confidence building among oil producers and consumers, which is essential for a healthy international market."

"You know at present we see that consumer countries consider the oil producing countries their enemy, as there is fear and tension between the two on every crude oil price increase," he added.

The conference will provide an opportunity for debate and each country will be able to present its point of view in order to enhance understanding, Quintero said supporting Plaza's views.

Quintero added that Iran and Venezuela are among non-Arab members of OPEC, and thus far, both countries have cooperated for a better oil market.

Commenting on current oil prices, Plaza said, "we are not satisfied with the present situation, as we want higher prices. Iran, too, wants the same.

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He is optimistic, however, that oil prices will remain the same or may go up for the rest of the year. "The prices will in no way drop," Plaza underscored.

Quintero was optimistic that Iran-Venezuela cooperation in the technical field will improve in the years to come.

The both countries signed a letter of intention in 1991 for cooperation in mines, metals, and iron industries, he added.

"Venezuela is quite capable of joining hands with Iran in mines, metals, and iron industries. What we need is to exchange comprehensive information in order to understand each other," said Quintero.

Commenting on U.S. embargo on Iran, Plaza said as far as Venezuela is concerned, "Washington's call for an embargo on Iran is merely political and nothing in terms of trade and commerce.

He said the objective of their presence in Tehran is to talk about the mutual cooperation in all fields.

Plaza said it is the 6th time he has been to Iran and added that "every time I visit I see more development, more progress and the people more relaxed. [no closing quotation marks as received]

One-Third of 1996 Budget To Come From Petroleum

PA2107214295 Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 18 Jul 95 p 2

[Article by Elizabeth Ostos]

[FBIS Translated Text] The fiscal revenues outlook will change drastically in 1986 because Venezuelan Petroleum will contribute less to the national budget.

In 1995 the regular budget was 2,080,612,000,000 bolivares, a large sum, and of that figure petroleum income contributed 1,118,260,000,000 bolivares, that is, 53 percent of the total.

A comparison of Finance Ministry figures and the 1996 Budget Bill shows that the sector that has traditionally contributed the most, petroleum, will be ranking second. Of the 3,156,249,000,000 bolivares that the nation will reportedly earn in 1996, only 1,158,954,000,000, that is, 36.72 percent of total income will be covered by contributions from the petroleum industry. This is because the price of this important non-renewable natural resource was estimated at $13.50 per barrel; gasoline price increases are not expected, and the currency will not be devalued. Thus, there will be no additional contributions unless petroleum prices rise, and that seems unlikely.

Taxes will mark the new Venezuelan fiscal reality. More than a government imposition, this is a necessity, and more so in a country such as Venezuela, where a taxing culture has not taken root precisely due to the prevalence of a model based on revenues [modelo rentista]. The grave crisis facing the country demands feasible and creative alternatives that are not likely to turn into economic liabilities.

Taxing could be one of these alternatives. The national government, aware of the potential offered by the development of this structural policy, established the National Integrated Service for Tax Administration, Seniat, during the tenure of Finance Minister Julio Sosa Rodriguez. This body will regulate national tax collection.

More Taxes, More Revenues

Once the body that will centralize tax revenues was consolidated, the national government estimate based a large portion of the 1996 budget on domestic tax collection. In fact, it estimated that taxes will contribute 63.2 percent of total revenue: 1,994,878,000,000 bolivares. According to the 1996 budget, domestic tax will be distributed as follows:

— Income Tax: 476,029,000 bolivares.

— Sumptuary Tax and tax on business assets: 1,037,100,000,000 bolivares.

Finance Minister 'Very Optimistic' After Visiting Money Lenders

PA2207121895 Caracas Venezolana de Television Network in Spanish 0200 GMT 19 Jul 95

[Report by Melisa Soto from the "The News" newscast]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar feels very optimistic after his recent visit to international finance organizations. He said that this is the first step in securing the flow of capital to the country. During Matos' visit to Washington, the IMF recommended that the Venezuelan Government make more drastic fiscal and monetary changes, which can lead to a lower deficit.

Matos met many times with multilateral organizations. One of the most important meetings was held with the IMF to present informally his economic transformation and stabilization program. He said he is willing to hear any recommendation that can make the program more practical provided no shock treatment is applied to the economy, that is, no gasoline price raise and no currency devaluation.

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[Begin Matos recording] I cannot say the program has been applauded. That would not be true. I can tell you, however, that there has been a very sincere exchange of views and suggestions on the pace of this gradual process. We know we have to take many of these ideas into consideration. [end recording]

Matos also said that Venezuela's contribution to loans with multilateral organizations will go from 80 to 30 percent in some projects. This will make a considerable fiscal saving possible. Another positive aspect is the agreement reached with Eximbank to resume the flow of loans for the public sector.

[Begin Matos recording] In the case of multilateral organizations, the most permitted by the rules of the game is this type of agreement we have reached. The IMF now demands that we postpone our contributions for 1997 and later. [end recording]

Also, the experts' commission which will serve as advisers for updating the Banking Superintendency, Fogade's [Deposit Guarantee and Banking Protection Fund] restructuring, and liquidating assets is scheduled to arrive in Venezuela in August. This will reactivate the financial sector.

Regarding the investigation that the Comptroller General's Office and the Attorney General's Office are conducting on the deputy finance minister's activities, Matos said he is willing to offer all the necessary documents so the investigation can be as transparent as possible.

Central Bank President Interviewed on Economic Issues

PA2107231895 Caracas EL GLOBO in Spanish 17 Jul 95 p 2

[Report on interview with Domingo Felipe Maza Zavala, president of the Central Bank of Venezuela, by Tanya Yust; place and date not given]

[FBIS Translated Text] According to economist Domingo Felipe Maza Zavala, president of the Central Bank of Venezuela [BCV], 1995 will not be worse than 1994 because indicators show a trend toward decreasing economic recession, inflation, and unemployment. Furthermore, the balance of payments has improved considerably, oil prices have increased, and Venezuelan exports have grown.

As for the fiscal deficit disparity, which the Macroeconomic Program estimates at 7.58 percent and Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] at between 12 and 14 percent, based on BCV statistics, Maza Zavala observed that the calculation depends on the components included in the operation. One sector uses the central government's accounts, and the other uses the total consolidated accounts of the public sector. If the latter method is used, the fiscal deficit is projected at between 12 and 14 percent.

Maza Zavala also said that despite the adjustments made to several current account sections and the restraints placed on capital flight, there are still certain issues which suggest a bleak economic outlook; specifically, the current fiscal status and the excess monetary liquidity in the financial system.

Asked for his opinion on the constant attacks on exchange controls and if this represents an obstacle to import and export activities, he replied:

[Maza Zavala] Any control triggers negative reactions and criticism. That is natural. The most desirable situation would be an absence of controls with everything advancing positively. In addition, it has been statistically demonstrated that exports continue to increase at a considerable rate instead of decreasing. As for imports, priorities or selection guidelines have not been established up to now. Also, foreign exchange permits have been authorized without verifying the nature of the product. That is the way all requests are authorized.

[Yust] Do you think the control will be upheld until the end of the year?

[Maza Zavala] The timeframe will be the one necessary to correct the economic, fiscal, financial, and monetary imbalances.

[Yust] As an economist, how much time do you think will be necessary?

[Maza Zavala] It depends on what policies the government implements and their effectiveness. One can never anticipate when a control has to be eliminated. It depends on the contingencies that arise. I do not believe it will be possible this year.

[Yust] What is your estimate for inflation?

[Maza Zavala] Inflation is estimated, with the anti-inflation commitment, at 40 percent. My personal estimate is between 45 and 50 percent a year.

[Yust] Do you think there is hyperinflation in Venezuela?

[Maza Zavala] No. Our highest inflation level was in 1989, when it exceeded 80 percent. The use of this term is inconceivable when we compare ourselves to other countries that have reached 1,000 percent.

[Yust] What is your position regarding controls on capital income?

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[Maza Zavala] There are several countries that continue to regulate capital income. I believe we must promote the entry of capital investments, but we cannot promote the entry of volatile, speculative capital. Mexico and Argentina have implemented such regulations.

[Yust] With Democratic Action, Copei [Social Christian Party] and MAS [Movement Toward Socialism] confronting each other during the worse crisis in the country's history, how do you view the political scene?

[Maza Zavala] The electoral campaign is drawing near, and this triggers activity in the political sphere. The struggle is natural. But it is not natural for the struggle to prompt situations that destabilize public life. Copei should reflect on an agreement regarding national goals.

[Yust] To what do you attribute the administration's failure to streamline public spending with determination?

[Maza Zavala] The administration has often said it has streamlined public spending. However, it is very difficult to change the structural conditions under which public spending, the greatest part of which is fixed, is carried out in Venezuela.

[Yust] The average citizen says that as long as there is a bureaucracy and congressmen outrageously increase their salaries, it will be impossible to stop the crisis. What do you think?

[Maza Zavala] That is what I was referring to. The number of personnel must be reduced to the required limits so trained individuals can properly do their jobs and receive better pay. There are some congressmen who work very hard, and the responsibility of their mission must be taken into account.

[Yust] Doesn't it seem exaggerated to you?

[Maza Zavala] Under these circumstances, it is irritating. The people are badly underpaid, unemployed, and lacking basic services. In this situation, all these things should be considered, because congressmen should set an example of austerity. In the face of the national crisis, it is irritating.

Caldera Discusses Economic Advances at Fedecamaras Assembly

PA2307125395 Caracas EL UNIVERSAL in Spanish 20 Jul 95 Section 1 p 12

[Report by Luis Manuel Escalante]

[FBIS Translated Text] Maracay — Last night, Venezuelan President Rafael Caldera inaugurated the 51st Annual Assembly of Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] in this city, and he asked businessmen for their support and cooperation to overcome the current crisis which is "everyone's responsibility, not just the government's."

In a 47-minute speech, President Caldera criticized the pessimism of many Venezuelans, and to counter this attitude, he outlined a series of positive events that, he believes, constitute the basic elements to feel optimistic.

He referred to the Anti-Inflation Pact as an instrument whereby he had been able to summon the different sectors of the country to a debate. He also stated his confidence that these kinds of relations will be maintained to achieve the participatory democracy "I have so greatly advocated."

Nevertheless, he stated he did not understand why there was so much interest in pushing for an increase in fuel prices as an anti-inflationary measure, because its repercussions on the price structure could send inflation into an upward spiral, which might be very difficult to control later. He admitted, however, that this is a problem of which the government is aware and is conducting all necessary studies. He remarked that a fuel hike would be announced at the right moment, when it will neither cause a great deal of harm nor seriously affect the people.

Caldera said several options are being considered. One is to create a transport subsidy to avert any impact on fare prices. Another option is to use liquefied gas. He also announced plans to manufacture vehicles that yield more kilometers per liter and other alternatives. President Caldera did not say when he will make the announcement, which would not be necessarily linked to the Anti-Inflation Pact.

Caldera also discussed the fiscal deficit and ways to tackle it, and he made it clear that he will not use the devaluation for fiscal purposes. The way the devaluation will be used is through improved collection of the revenues resulting from the privatization process and a reduction in public spending.

Regarding this topic, President Caldera criticized those who zealously ask him for austerity measures and end up approving laws that involve larger expenditures. He also complained about the universities, which do not seem to understand that times have changed, and "these are no longer the years of plenty."

Meanwhile, he also pointed out, "there are indeed a few untouchable things, which cannot be handled with anything but kid gloves."

Another problem Caldera mentioned in his speech to the businessmen gathered at the Grand Salon of Maracay's

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Pipo Hotel was that of individual and national security. He emphasized that this situation is the result of an accumulation of social problems over many years, and he added that it is not a problem that can be easily resolved and the government is not the only party to blame. He noted that the people are afraid of turning a neighborhood delinquent in to the police because, once the police turn the criminal over to the courts, a judge may decide to release him eight days later. This is why he said this sector also needs to be purged. For this purpose, he stressed his proposal on the constitutional reform to authorize the removal of a judge whenever he is proved to be incapable.

During his speech, the president announced that during the first quarter of this year the country experienced a growth of 1.26 percent of GDP, in which the manufacturing sector registered a positive gain of 5.6 percent. He also emphasized an increase in nontraditional exports, which amounted to $2.271 billion in the first half of this year. This figure represents a 16 percent increase compared to the same period in 1994.

He also announced an increase in investments, adding that all visitors received in recent weeks have announced an increase in foreign investments. He pointed out that the president of the Ford Co. announced an investment for $50 million to boost production in Venezuela with a view to meet the needs of the Andean automobile market. The president of Chrysler and other businessmen who have visited Venezuela made similar announcements to him. Also, there are Korean consortiums interested in tapping aluminum; others are interested in Orimulsion [boiler fuel made from heavy oil, comprising a mixture of bitumen and water]; and there is even a firm that wants to set up a thermo-electric plant in Margarita.

President Caldera insisted that there are enough reasons to feel optimistic, and he urged businessmen to realize this instead of letting pessimism get the best of them.

Fedecamaras President on Achievements

PA2007235195 Caracas EL UNIVERSAL in Spanish 17 Jul 95 Section 2 p 1

[Report on interview with Venezuelan Edgar Romero Nava, president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry, by Luis Manuel Escalante and Pedro Garcia Otero; place and date not given]

[FBIS Translated Text] Fedecamaras' [Venezuelan Federation of Associations and Chambers of Commerce and Industry] new president will be elected on 22 July at the organization's 51st annual convention.

Edgar Romero Nava, the business organization's outgoing president, encountered circumstances which no other Fedecamaras leader had to face: he survived four Venezuelan Presidents (Carlos Andres Perez, Octavio Lepage, Ramon J. Velasquez, and Rafael Caldera); five development ministers, four finance ministers, two Central Bank of Venezuela [BCV] directors, four waves of financial crises, and a 180-degree turn in the government's economy policy.

Romero Nava continues to be optimistic regarding the country's potential. He believes that Fedecamaras fulfilled its role during the difficult years from 1993 to 1995; he also feels proud for having united the organization and for having brought it closer to the labor unions.

Romero Nava does not deny that some points on the agenda are still pending, but he attributes it to the brevity of his term — "scarcely two years, right when you are finding out everything you have to leave" — and to the scarce culture of partnership, which is part of Venezuelan nature.

Romero Nava will now engage in private activities, but will continue his career as a labor leader, which began in Ciudad Ojeda (his hometown) in 1972 and took him in 21 years to Fedecamaras' presidency.

Balance of Objectives

[EL UNIVERSAL] How do you feel now that your term as president of Fedecamaras is coming to an end?

[Romero] I am satisfied with the work accomplished. These were really two very difficult years, which had characteristics that I do not believe any other Fedecamaras president has faced or will have to face. I hope Venezuela will not face the political complications it experienced between 1993 and 1995.

When I began my campaign for the Fedecamaras presidency in January 1993, President Carlos Andres Perez and the ministers of the economic sector — finance, development, and the BCV — were not the same who were in office when I took oath in July 1993; in between I coincided with Octavio Lepage's temporary one-month presidency, followed by Ramon J. Velasquez, and then Doctor Caldera won the elections.

Therefore, for all practical purposes, since taking office I have seen four Venezuelan presidents, five development ministers (Frank De Armas, Gustavo Perez Mijares, Luis Carlos Palacios, Alberto Poletto, and Werner Corrales); four finance ministers (Pedro Rosas, Carlos Rafael Silva, Julio Sosa, and Luis Raul Matos Azocar), and two BCV presidents (Ruth de Krivoy and Antonio Casas).

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These have been active and difficult years. In addition, I had to face the financial crisis. On the night of 13 January 1994, I had to speak with President Velasquez, and on 14 January, with President Caldera, to express my concern regarding the situation I foresaw was coming if we allowed one of the most important banks in the country to collapse, and its consequences — the collapse of the financial system — which later, unfortunately, proved I was right.

With much sadness, I also witnessed the decline of economic groups and the privatization of many of Venezuela's companies and economic sectors, such as the cement, agricultural, and commercial areas, which were sold at "special" prices, without the existence of a national recovery plan for businessmen who lost everything they had built during a lifetime to face the crisis.

In the midst of this situation, I was forced to concentrate on Fedecamaras. I managed the return of institutions which had become somewhat distanced from Fedecamaras, such as Fedeagro [National Federation of Agricultural-Livestock Producers], Fedenaga [National Cattlemen's Federation], Fedeindustria [Federation of Industries], while achieving a rapprochement with the main union leaders, such as the CTV [Venezuelan Workers Federation], CUTV [United Federation of Venezuelan Workers], Codesa [Committee of Cooperative Education], and even the New Unionism.

Additionally, we have made headway with the union leadership on a joint project to revise the holidays and non-working days without the loss of workers' compensation — an agreement which the Labor Ministry views with sympathy.

These fluid relationships with the unions pave the way for discussions regarding the Social Benefits System, restructuring of the INCE [National Institute of Cooperative Education], and the Social Security Fund, which are the three issues that remain unsolved, in which the workers and the private sector are the main partners. If the new board of directors of Fedecamaras and the new board of directors of CTV thoroughly analyze these issues, they could be definitely solved by the end of the year if there is the will to do so on both sides.

I believe one important legacy I bestow is a united business association and the possibility of establishing an anti-inflationary agreement, one of the most powerful tools conceived in recent years.

In addition, I leave the next board or directors fluid communication with the administration.

[EL UNIVERSAL] Do you believe Fedecamaras achieved its institutional role during such difficult years as 1993, 1994, and 1995?

[Romero] Without any doubt. In an organization such as ours, in which the members are chambers, but the owners of the chambers are businessmen, it is impossible to please everyone. I have worked as my conscience and my perception of the country have dictated. I have tried to be prudent, firm, and cognizant of the weakness of the country's current situation and the people's lack of understanding and education regarding economic issues, where people believe that any increase is equivalent to speculation and abuse, not to inflation.

I made a commitment in these last two years to reach the people, to speak in the simplest way possible — less academically and more colloquially — so that the message could reach housewives and students.

The Last Populists

[EL UNIVERSAL] Does Edgar Romero Navas believe that Venezuela is an attractive country to invest in?

[Romero] Absolutely. Let us examine the evidence. Many industries have passed into foreign hands. Venezuela has kept its international commitments, except on a few occasions, and in medium- and long-term plans it has a future. Local investors know this. What Venezuela is not good for, because of currency exchange and price controls, is speculative, short-term capital investments, which we need but which don't even look toward Venezuela.

From Fedecamaras, I have seen many World Bank, IMF, and IDB [Inter-American Development Bank] delegations, which all include a meeting with Fedecamaras in their travel agendas.

I have always told them that every country is based on three columns: the political, economic, and social columns. The political and social columns are not important to first world countries because they already have a mature political system and their social expectations are satisfied. Basically, these countries deal with economic issues: globalization, aperture, deregulation, exchange, balance of payments, productivity, and competitiveness.

However, in developing countries like Venezuela, the only thing that interests multilateral organizations is the economic issue. The leading countries in Latin America on political issues are Mexico and Venezuela. On 4 February 1992, Venezuela was found to have political problems, and on 1 January 1994, in Chiapas, Mexico's political problems were revealed.

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We need to make these organizations see that politics and social issues need to be part of the agenda because there are deficiencies in education, culture, roads, and health. This is not being analyzed either.

Latin American countries give no importance to economic issues until social issues explode. This has happened in countries that have not had the benefit, unlike Venezuela, of a fixed oil income, which even today, in a deep depression, brings in $40 million a day with only 100,000 employees.

Bolivia, Chile, and Argentina are cases where politicians had no other choice than to attend the economic issue because social and political issues exploded and reached bottom. But Venezuela is unique in Latin America because economic issues are last in order for politicians and governments. Politicians want to first see their political participation, then their social action, and last the economic issue.

[EL UNIVERSAL] Is it still that way?

[Romero] Absolutely, even nowadays. The fact that administrations do not take a stand on social benefits, which have workers and entrepreneurs unhappy, proves what I am saying, even though the figures show less jobs and a reduction of workers' real wages. This is definitely because the topic is not a priority in the government agenda. Not taking up an orthodox economic program shows that the economic topic is not assigned any priority.

As long as Venezuela has oil, which yields a huge income even though it is depressed, presidents will always try to put off economic issues. More so because Venezuela has assets such as mining and forestry resources as well as state-owned enterprises, which allow the country to negotiate and that can be used when the oil income runs out. This will always encourage the government to put things off.

Our politicians have grown accustomed to be measured by popularity. No administration has attempted to place the economic topic foremost, with the exception of Carlos Andres Perez' second term, with a poorly developed and explained program. No administration has been willing to assume the political cost of success. Fujimori and Menem did.

But never in Venezuela's history has there been a president willing to lead, because not even CAP [Carlos Andres Perez] carried out definitive changes to the economy. Meanwhile, the standard of living has dropped more each day.

Fedecamaras has always suggested ideas dealing with every angle of national life. Our politicians continue viewing Fedecamaras as protesting cry-babies. How can Fedecamaras make the government understand that when it makes a proposal it is not out of its own business interest, but for the good of the country? What does Fedecamaras have to do to recover its clout?

My term is about to end, but I have also worked with unions. In Venezuela, there is no union tradition; each person feels free to assume responsibilities provided there is a boss.

I do not feel that Fedecamaras is the only organization in the country that has suffered set-backs in its participation. Students' commitment to their universities ends the day they graduate; professionals' commitment with their associations ends the day they register in their respective college, and the few who maintain that commitment only receive criticism from those who have stayed away. When those who have stayed away try to enter to lead these organizations, the first thing they do is precisely to criticize the lack of leadership.

The country needs to once again find itself at its different levels. Opinions given in private differ substantially from those expressed in public. When discussions are made publicly no analysis is made; agreement initiatives are either applauded or rejected, depending on who makes them.

When it is said that Fedecamaras is too weak or too aggressive, this is part of the democratic game. The topic is not Fedecamaras. The country is the topic. When someone attempts to find a solution to the crisis the political power silences him, minimizes him, and worse yet, tries to disparage him. Ideas are not discussed here, they are either rejected or approved depending where they come from.

In addition, people do not realize that Fedecamaras does not represent the most influential groups in the country, which no longer exist, and even if they do, they are limited and are not belligerent, as they defend their own interests. Fedecamaras represents small and medium enterprises, which are a majority in the country. We believe that unity makes us stronger, that we create wealth, and that the country needs wealth because we are tired of poverty. One can build a ranch without permission, but not a house, and the country is full of ranches due to lack of authority.

Here in Venezuela, poverty and misery are encouraged. We must fill in that vacuum. We have been criticized for this many times, but we have an important role to play, which we are fulfilling and will continue to fulfill. Our organization has shown coherence and has followed a path. It has been and will always be blamed for errors

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that are not its fault as the administration of public funds has always been the responsibility of the political sector.

We have created multiple institutions to protect abandoned children, unwed mothers, athletes, and those who need credit for their education. We have done this independently from the state. We understand and realize that although we are experts in marketing, we are not good at promoting the business sector. This is not a challenge for one year or for a certain period, it is a 10-year strategic plan.

[EL UNIVERSAL] You said it is hard to please everyone. How many tendencies exist within Fedecamaras, and which are they?

[Romero] There are many tendencies and interconnections with institutions that in one way or another have emerged within the organization, but now are independent. This includes sports organizations such as Los Criollitos, scholarship institutions such as Educredito, post-graduate institutions, such as IESA [Institute of Higher Education for Education] and others that are less known.

In the same way as these institutions were created in the areas of education, health, culture, economic institutions emerged. An example of this is Cedice [expansion unknown], which is based on the economic concept of free enterprise. Although it was originally part of Consecomercio [National Council of Commerce and Services], today it has nothing to do with Consecomercio or Fedecamaras.

The ideological unity within Fedecamaras is around free enterprise. The great majority of its members are in favor of free market. As usual, however, there is a minority that longs for protectionism, the days of the "Great Venezuela," of closed markets. That, however, is a small minority. This is obvious in many ways, and therefore, it is very difficult trying to please everyone, taking into consideration the characteristics that prevail in Venezuela, where associations are not given much importance and where the president must take care of everything.

[EL UNIVERSAL] In referring to tendencies, you said there are still some protectionist sectors within Fedecamaras. You also said you are not happy with the denationalization of enterprises. Was this not a predictable consequence of the commercial opening? Was this not in your plans as promoters of this opening? What has happened now?

[Romero] We have been and will continue to be in favor of the opening. When that opening was defined in 1989, however, it was said that funds earmarked for industrial reconversion were finally absorbed by bureacracy. We were deceived by the opening, and businessmen suffered the consequences of the government's lack of definition. The Venezuelan industrial plant showed its flexibility, and its ability to adapt to the opening. Proof of this was that enterprises did not close, but were purchased, because they were decapitalized while adapting. This would not have happened had there been funds for industrial reconversion.

Anyway, we cannot agree with denationalization. The productive sector paid for the state's inefficiency; the state did not reduce or privatize, it did not release funds, it did not eliminate bureaucracy. We paid for that with the closure of sources of jobs, loss of wealth, and in sum, with more poverty for all.

I disagree with not having a policy in favor of Venezuelan industries on state purchases, which was the price for entering GATT. We are trying to retake the criteria of having the state purchasing Venezuelan products because the largest purchasers here are the Central Government, PDVSA [Venezuelan Petroleum Inc.], and regional governments.

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